

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

April 12, 2017 – 6:00 p.m.

BOARD OF DIRECTORS

Ken Miller	President
Bob Walters	Vice President
Ted Costa	Director
Dan Rich	Director (via teleconference)
Pam Tobin	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Paul Helliker	General Manager
Keith Durkin	Assistant General Manager
Donna Silva	Director of Finance
Teri Grant	Board Secretary/Administrative Assistant
Tony Barela	Operations Manager
Lisa Brown	Customer Service Manager
George Machado	Field Services Manager
Rob Watson	Engineering Services Manager
Greg Zlotnick	Water Resources Specialist

OTHER ATTENDEES

Rich Abreu	Customer
Jennifer Derich	Customer
James Mogannam	Customer
Jeff Keith	Customer
Kevin Knauss	Customer
Bob Reed	The Reed Group

AGENDA ITEMS

- I. Public Forum**
- II. Consent Calendar**
- III. Old Business**
- IV. New Business**
- V. Information Items**
- VI. Directors' Reports**
- VII. Committee Meetings**
- VIII. Upcoming Events**
- IX. Adjourn**

President Miller called the meeting to order at 6:00 p.m.

I. PUBLIC FORUM

There were no public comments.

II. CONSENT CALENDAR

All items under the consent calendar are considered to be routine and are approved by one motion. There will be no separate discussion of these items unless a member of the Board, audience, or staff request a specific item removed after the motion to approve the Consent Calendar.

1. Minutes of the Board of Directors Meeting, March 29, 2017

Recommendation: Approve draft minutes

2. Payment of Bills and Claims

Recommendation: Adopt Resolution No. 17-08

3. Local Agency Investment Fund (W & R)

Recommendation: Adopt Resolution No. 17-09 authorizing investment of monies in the Local Agency Investment Fund

4. Bay Area Coating Consultants' Contract for Inspection Services for the Los Lagos Tank Recoating Project (R)

Recommendation: Approve a contract amendment for \$18,800 to increase the total inspection budget to \$68,400.

Director Costa moved to approve Consent Calendar. Vice President Walters seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller, Rich, Tobin and Walters

Noes: None

Absent: None

In response to Director Walters' question, Mr. Durkin explained that the increase to Consent Calendar item 4 was due to delays because of the weather and increasing the level of inspection services.

III. OLD BUSINESS

1. Acceptance of the Retail Financial Plan and Water Rate Update Study and Adoption of Five-Year Schedule of Retail Water Rates

President Miller opened the floor to the public for comments.

Mr. Jeff Keith addressed the Board and requested that the Board only consider adopting one year at a time on the rate increases. He commented that the assumptions on revenue could be incorrect and he believes that more water usage will occur since the drought is over. In addition, he requested that the new administrative building be removed from the plan.

Mr. Kevin Knauss addressed the Board and commented that the retail service area is less dense than most other areas and therefore the cost to replace infrastructure will cost each customer more than neighboring communities. He commented that a mile of pipeline costs the same for the agencies but will cost

more per customer in SJWD Retail due to the cost being divided by less customers. He supports the rate increase now instead of waiting since the customers will have to eventually pay for the projects at some point anyway.

Ms. Jennifer Derich addressed the Board and commented that many things have happened over the past few weeks – a new general manager, the drought declaration removed, and record rainfall and snow. She commented that these changes should be considered before a rate increase is implemented. In addition, she commented that the 16% miscellaneous expenses should be researched and eliminated. She commented that the Board should only consider the 1st year rate increase and put off the remaining four years until 2018. She also suggested using gray water or raw water for irrigation and believes that conservation should still be implemented. She also commented that larger water users should not pay less under tiered rates and should pay more.

Mr. James Mogannam addressed the Board and commented that the District's water rates have increased 75% from 2001-2015 and 125% for 15 years through 2021. He commented that the Board has a fiduciary duty to protect the organization's assets and investments and he voiced concern that there is mismanagement. He commented that public entities don't seem to have an accountability for how they spend rate payer's money. In addition, he commented that CalPERS is in disarray.

President Miller opened the floor to the Board to discuss and address any of the public comments.

In response to Director Costa's question, Mr. Joshua Horowitz, District's Legal Counsel, explained that the Board could adopt the 5-year rate schedule which would set the maximum rates that the District could impose each year without implementing the Prop. 218 process for each of those years. Mr. Horowitz explained that if the Board imposes a lesser amount than what might be adopted tonight then a written notice would have to be issued 30 days prior to implementation of the rate increase (which could be in the form of a billing insert). Mr. Helliker explained that the proposal is to adopt the 5-year rate increases and each year the Board would review the rates prior to customers being notified.

Director Tobin asked staff to respond to the public comments regarding the 125% rate increase, the mis-management, and the 16% miscellaneous expense category. Ms. Donna Silva explained that the 16% miscellaneous expense category includes numerous smaller operational expenses for items such as the District's utility bills, security patrols, training, memberships and other small operational costs – she offered to meet with the public member separately to go over the information at any time.

Ms. Silva commented that the water rates have increased over time partly due to inflation but also there have been increased regulatory costs. Mr. Helliker

pointed out that many facilities were built 50-60 years ago and starting 10-15 years ago there were more investments in the capital improvements program, which also increases the need for higher rate increases. Mr. Helliker commented that a rate comparison shows that the District is going from the lower end to the middle of the scale regarding the District's rates. Director Costa commented that he has encouraged the District to move to a pay-as-you-go funding structure so that the District can save money in the long term by not paying interest on loans; however, this means that rates are increased in order to build up the reserves to pay for capital improvements without borrowing.

Mr. Bob Reed explained that the financial plan does include a demand rebound and, after much discussion, the assumption was made that demands would rebound to the levels that are included in the Urban Water Management Plans of the district and neighboring agencies. He added that the rebound numbers might be overly optimistic and there may be longer term effects due to conservation regulations imposed by the state.

Mr. Helliker commented that the District had a tiered rate structure in place a few years ago but has since gone to a uniform rate. Director Costa explained that the District has over 70,000 acre feet of water per year that needs to be put to beneficial use so that the District does not lose those water rights. Director Costa explained that the 1st and 2nd tiers were used to cover all operational costs and the 3rd tier was billed out to only cover the cost of water. Director Costa added that, in the future, the District will try to transfer any extra water which will bring in extra revenue.

In response to Vice President Walters' question, Mr. Helliker explained that Plan A is what was originally in the rate study and Plan B removes the proposed new Administrative Building as well as the three new positions that were included in the study – Public Information Officer, Human Resources Specialist, and Administrative Assistant. Plan B results in a 1% decrease in the rate increase for 2019 and 2020, as seen in the attached staff report. In addition, Mr. Helliker informed the Board that the rate increases in Plan B are 8% in 2017, 9% in 2018, 8% in 2019, 8% in 2020, and 6% in 2021.

Mr. Helliker would like to do an assessment of the positions and a facilities plan.

President Miller commented that should the Board adopt Plan A, the Board could reduce the rate increases in 2019 and 2020 should the building or positions not be needed at that time.

In response to a public comment, Mr. Helliker responded that 196 protest letters were counted and another six letters were received after the March 29th public hearing.

Vice President Walters moved to adopt Resolution No. 17-10 adopting a five year schedule of retail water rates as shown in Plan B. Director Rich seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller, Rich, Tobin and Walters
Noes: None
Absent: None

IV. NEW BUSINESS

1. RWA Sponsored Legislative Bills AB 968 and 1654

Mr. Helliker provided the Board with a staff report which will be attached to the meeting minutes. He explained that there are two bills which RWA is sponsoring and staff recommends that the District support the bills. He explained that AB 1654 implements the water shortage contingency planning aspects of urban water management plans and AB 968 will be the vehicle for an update to the water use efficiency provisions of SB x7-7 of 2009.

Director Tobin moved to support AB 1654 (Rubio, D-San Gabriel Valley) and to support if amended AB 968 (Rubio). President Miller seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller, Rich, Tobin and Walters
Noes: None
Absent: None

2. ACWA Policy

Mr. Helliker reported that ACWA recently adopted a policy statement on the Bay-Delta Flow Requirements. He explained that it deals with the water quality control plan and the approach that the State Water Resources Control Board is taking regarding unimpaired flows as the methodology to determine the changes needed to the plan. ACWA's position is similar to the District's position on this issue and he recommends that the Board support ACWA's policy statement.

Director Tobin moved to adopt Resolution No. 17-11 in Support of the ACWA Policy Statement on Bay-Delta Flow Requirements. Vice President Walters seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller, Rich, Tobin and Walters
Noes: None
Absent: None

3. Fiscal Year 2016-17 Mid-Year Budget Review and Discussion of Timeline for Fiscal Year 2017-18 Annual Budget.

Ms. Silva conducted a presentation on the FY 2016-17 Mid-year Budget and timeline for the FY 2017-18 annual budget. A copy of the presentation will be

attached to the meeting minutes. She explained that the FY 2015-16 final results showed that the wholesale reserve balances were budgeted to be at \$11.6 million but ended at \$13 million, and the retail reserve balances were budgeted to be at \$5.6 million but ended at \$11.3 million.

Ms. Silva reviewed the FY2016-17 mid-year budget and explained that wholesale operating and capital funds are doing well. She explained that the budget did not include any rate increase; therefore, the increased revenue is mainly due to the rate increase that went into effect on January 1st. In addition, expenses are lower in part due to several positions being vacant for part of the fiscal year.

Ms. Silva explained that the retail operating budget shows revenues coming in lower than expected; however, there have been cost savings which have offset the lower revenues. She explained that a transfer from retail capital will be needed but at a lesser amount than anticipated. She added that the rate increase that was just adopted will help the retail budget for May and June. Ms. Silva explained that the retail capital budget revenues are on track and expenses are down mainly due to projects being deferred to 2017-18.

Ms. Silva reviewed the FY 2017-18 budget timeline, which started with a staff kick-off meeting on March 30th. She explained that she will review the budget assumptions with the Board at the April 26th meeting and will hold a budget workshop on May 24th and then have the public hearing on the budget and adoption of the budget in June.

For information only; no action requested.

V. INFORMATION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 May 10th Board Meeting

Mr. Helliker informed the Board that the Board should consider rescheduling the May 10th Board meeting due to the ACWA Spring Conference. The Board discussed the issue of paying the bills and claims. Mr. Horowitz informed the Board that on April 26th the Board could authorize the Director of Finance, with General Manager approval, to pay the bills subject to ratification by the Finance Committee and the Board at the May 24th Board meeting.

President Miller instructed the Finance Committee to meet on May 2nd at 4:00pm and he moved the May 10th Board meeting to May 3rd at 6:00pm.

1.2 Miscellaneous District Issues and Correspondence

Mr. Helliker reported that he met with staff to discuss the Dennis Revell and Princeton Reach Homeowners Association's letter that was received on April

7th. Mr. Helliker informed the Board that he will be discussing the matter and various options with Mr. Revell.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 Miscellaneous District Issues and Correspondence

No report.

3. DIRECTOR OF FINANCE'S REPORT

3.1. Miscellaneous District Issues and Correspondence

No report.

4. LEGAL COUNSEL'S REPORT

4.1 Legal Matters

Mr. Horowitz reported that he spoke with Mr. Helliker and the April 26th Board meeting agenda will include a Closed Session item regarding the various Bay-Delta issues.

VI. DIRECTORS' REPORTS

1.1 SGA

Director Tobin reported that SGA meets April 13, 2017.

1.2 RWA

Director Tobin reported that RWA met March 9, 2017. She provided a written report which will be attached to the meeting minutes. She informed the Board that RWA was provided with a Water Efficiency Update, a Grant Update, a Legislative and Regulatory Update, a SGMA Update, and information on RWA Outreach. Mr. Helliker mentioned that the Strategic Communications efforts with Hermocillo & Azevedo are being collaborated with RWA. In addition, he mentioned that Sacramento County announced that they will be the responsible agency for all of the areas not covered in Sacramento County by the GSA.

1.3 ACWA

1.3.1 Local/Federal Government/Region 4 - Pam Tobin

Director Tobin reported that she attended the ACWA DC Conference with Mr. Keith Durkin and Mr. John Woodling. In addition, ACWA Board of Directors considered the policy statement regarding the State Water Resources Control Board's approach on flow setting for the Bay-Delta Water Quality Control Plan.

1.3.2 JPIA - Bob Walters

No report.

1.3.3 Energy Committee - Ted Costa

Director Costa reported that he attended the March 30th ACWA Energy Storage Summit.

1.4 CVP Water Users Association

Director Costa reported that CVP Water Users Association meets April 18, 2017.

1.5 Other Reports, Correspondence and Comments

Director Costa mentioned that he was invited to attend a meeting immediately after the SGA meeting on April 13th and advised Director Tobin and Mr. Helliker that he is unable to attend and would suggest that they attend.

VII. COMMITTEE MEETINGS

1. Finance Committee (4/11/17)

The committee meeting minutes will be attached to the original board minutes.

VIII. UPCOMING EVENTS

1. 2017 Cap To Cap – Metro Chamber
April 29 – May 3, 2017
Washington DC
2. 2017 ACWA Spring Conference
May 9-12, 2017
Monterey, CA

IX. ADJOURN

The meeting was adjourned at 7:35 p.m.

ATTEST:

KENNETH MILLER, President
Board of Directors
San Juan Water District

TERI GRANT, Board Secretary

STAFF REPORT

To: Board of Directors

From: Donna Silva
Director of Finance

Date: April 12, 2017

Subject: Update to authorized signors for the Investments in the Local Agency Investment Fund

RECOMMENDED ACTION

Adopt Resolution No. 17-09 authorizing investment of monies in the Local Agency Investment Fund.

BACKGROUND

On April 28, 2004, the Board of Directors adopted Resolution 04-14 Authorizing Investment of Monies in the Local Agency Investment Fund. The Resolution authorized General Manager Shauna Lorange, Assistant General Manager Keith B. Durkin and Finance and Accounting Manager Mary A. Morris, **or their successors in office**, to order the deposit or withdrawal of monies in the Local Agency Investment Fund. Adding or deleting authorized signers requires the signature of two individuals holding those specific titles. In 2015, the Board of Directors changed the Finance and Accounting Manager title to "Director of Finance". The Assistant General Manager position will soon be vacated by Keith Durkin, leaving the District without the two required positions to make changes to the account.

Adoption of Resolution 17-09 changes the title from "Finance and Accounting Manager" to "Director of Finance" ensuring the District has the ability to manage this account into the future.

San Juan Water District

**RESOLUTION 17-09
AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND**

San Juan Water District
P.O. Box 2157
9935 Auburn Folsom Road
Granite Bay, CA 95746
916-791-0115

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interest of the San Juan Water District; and

WHEREAS, the Board of Directors previously adopted resolution 04-14 authorizing the deposit and withdrawal of San Juan Water District monies in the Local Agency Investment Fund, and naming the General Manager, Assistant General Manager and Finance and Accounting Manager as authorized signatories; and

WHEREAS, the Board of Directors has updated to the title of the Finance and Accounting Manager to "Director of Finance" and desires to include the Director of Finance as an authorized signatory on the account.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the deposit and withdrawal of San Juan Water District monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following San Juan Water District officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

Paul Helliker
General Manager

Keith Durkin
Assistant General Manager

Donna Silva
Director of Finance

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District, Placer County, State of California, on the April 12, 2017, by the following vote:

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:

ATTEST

TERI GRANT
Secretary, Board of Directors

KENNETH MILLER
President, Board of Directors
San Juan Water District

STAFF REPORT

To: Board of Directors

From: Rob Watson, Engineering Services Manager

Date: April 11, 2017

Subject: Los Lagos Tank Recoating Project (Contract 16-53)
Recommendation to Increase Contract Amount for Inspection Services

RECOMMENDED ACTION

Staff recommends a motion to increase the existing \$49,600 budget for construction inspection services being provided by Bay Area Coating Consultants, Inc. for the Los Lagos Tank Recoating Project by the amount of \$18,800 for an authorized total not to exceed amount of \$68,400.

BACKGROUND

The Los Lagos Tank is currently being recoated on both the exterior and interior surfaces after 31-years in service with the existing coating. The District hired Bay Area Coating Consultants, Inc., to provide specialty construction inspection services during the coating project.

The construction schedule has been extended due to unanticipated equipment failures, weather impacts, a District-requested change order to add a corrosion protection system, and other project-related circumstances. Therefore additional inspection support is necessary to complete the coating project.

Staff recommends that the 500-hours of inspection time under the current contract executed with Bay Area Consulting Services be increased by 190-hours to cover the additional time required to provide the remaining inspection services.

FINANCIAL CONSIDERATIONS

The Contract with Bay Area Coating Consultants, Inc. is a Time and Materials agreement with a not to exceed cap.

The Project was planned, and budgeted for in Fiscal Year 2016-2017. This project is a part of the District's approved Retail CIP. Because there were some construction phase cost savings, there is sufficient remaining budget in the project to cover the increase in cost for these inspection services.

STAFF REPORT

To: Board of Directors

From: Donna Silva
Director of Finance

Date: April 12, 2017

Subject: Acceptance of the Retail Financial Plan and Water Rate Update Study and Adoption of Five-Year Schedule of Retail Water Rates

RECOMMENDED ACTION

Approve Resolution 17-10 approving the retail five-year rate plan as recommended in the Retail Financial Plan and Water Rate Update Study (Study) dated January 26, 2017. The Board may consider the Rate Plan with or without adjustments to eliminate the new Administration Building and proposed new HR Specialist and Customer Service positions. The Five-year retail rate plan is presented as Exhibit III-3 in the Study and has the following effect:

	Plan A - Rate Plan as Proposed in <u>Financial Plan</u>	Plan B - Adjusted Rate Plan w/o <u>Admin. Bldg. & Staff Add.</u>
May 2017	8%	8%
January 2018	9%	9%
January 2019	9%	8%
January 2020	9%	8%
January 2021	6%	6%
5-yr. Compounding	48%	46%

BACKGROUND

On February 1, 2016, the District retained The Reed Group to update the ten-year wholesale and retail financial plans and develop recommendations for water rates for the five-year period from 2017 through 2021. Over the past year, District staff and Bob Reed completed analyses and provided a number of updates and presentations on development of the plan and recommendations, including:

January 12, 2016	Finance Committee discusses need for updating financial plans to address impacts of drought and future CIP needs.
February – June 2016	Financial plan development, refinements, and status reports to Board
June 29, 2016	Board Workshop – Bob Reed presented financial plans, facilitated discussion on plan assumptions, methodology, preliminary results

August 10, 2016	Board Meeting – Public Hearing on FY 2016-17 budget – adopted Res. 16-12 FY 16/17 budget
October 11, 2016	Wholesale Financial Ad Hoc Committee meeting. Bob Reed presented wholesale plan and nexus to retail rates and charges
October 26, 2016	Board Meeting – Bob Reed presented Wholesale Financial Plan
November 9, 2016	Board Meeting – Bob Reed presented Retail Financial Plan
January 11, 2017	Board Meeting – Bob Reed presented Wholesale Financial Plan. Board accepted the plan and approved the 5-year wholesale rate schedule
February 7, 2017	Ad Hoc Retail Finance Plan & Rate Review Committee Meeting – Bob Reed presented Retail Finance Plan
March 13, 2017	Ad Hoc Retail Finance Plan & Rate Review Committee Meeting – Bob Reed presented refined Retail Finance Plan and additional information
March 2017	Individual meetings with Bob Reed and Board members to review Retail Financial Plan and Proposed Rate Plan.
March 29, 2017	Proposition 218 Rate Hearing

STATUS

Several iterations and refinements were made to the Retail Financial Plan and Rate Plan from February through November 2016 to address comments and attempt to minimize rate increases. Additional analyses were conducted as part of the ad hoc retail rate review committee process, and further adjustments were evaluated based on comments from Directors that consideration be given to eliminating the new Administration Building and additional staff positions from the financial plan.

The public hearing for the proposed water rate increase required by Proposition 218 was held on March 29, 2017 and was attended by 61 ratepayers, 13 of which offered comments to the Board. The District received 196 official protests. 5,305 protests were required to prohibit the imposition of the recommended rates.

Exhibit III-3 from the January 26th study report depicting the five-year retail rate plan is presented below.

Exhibit III-3
San Juan Water District
Current and Proposed Retail Water Rates

	Current	Jan. 2017	Jan. 2018	Jan. 2019	Jan. 2020	Jan. 2021
Overall Water Rate Increase -->		8%	9%	9%	9%	6%
Daily Base Charges						
Up to 1" meter	\$ 1.24	\$ 1.42	\$ 1.63	\$ 1.86	\$ 2.11	\$ 2.29
1 1/2" meter	\$ 3.31	\$ 3.68	\$ 4.22	\$ 4.81	\$ 5.46	\$ 5.93
2" meter	\$ 5.28	\$ 5.85	\$ 6.72	\$ 7.66	\$ 8.69	\$ 9.44
3" meter	\$ 10.50	\$ 10.90	\$ 12.51	\$ 14.27	\$ 16.19	\$ 17.58
4" meter	\$ 16.36	\$ 18.12	\$ 20.80	\$ 23.72	\$ 26.91	\$ 29.23
6" meter	\$ 32.73	\$ 36.18	\$ 41.54	\$ 47.38	\$ 53.74	\$ 58.36
8" meter	\$ 58.83	\$ 57.85	\$ 66.42	\$ 75.76	\$ 85.94	\$ 93.34
Fire District	\$ 6.36	\$ 7.28	\$ 8.36	\$ 9.54	\$ 10.82	\$ 11.75
Water Usage Charge (\$/CCF)						
All water usage	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92
Daily Private Fire Line Charges						
4" meter	\$ 0.53	\$ 0.57	\$ 0.62	\$ 0.68	\$ 0.74	\$ 0.78
6" meter	\$ 0.78	\$ 0.84	\$ 0.92	\$ 1.00	\$ 1.09	\$ 1.16
8" meter	\$ 1.05	\$ 1.14	\$ 1.24	\$ 1.35	\$ 1.47	\$ 1.56
10" meter	\$ 1.26	\$ 1.36	\$ 1.48	\$ 1.61	\$ 1.75	\$ 1.86
Hinkle PS Pumping Surcharge (\$/AF)						
Wholesale deliveries to City of Folsom	\$ 68.87	\$ 74.38	\$ 81.07	\$ 88.37	\$ 96.32	\$ 102.10
Typical Monthly Residential Bill (@ 30 CCF/mo.)	\$ 64.80	\$ 70.20	\$ 76.50	\$ 83.40	\$ 90.90	\$ 96.30
		\$ 5.40	\$ 6.30	\$ 6.90	\$ 7.50	\$ 5.40
		8.3%	9.0%	9.0%	9.0%	5.9%

The detailed five-year rate plan with the option of eliminating the new Administration Building and additional staff positions from the financial plan (Plan B Alternative) is provided below.

San Juan Water District
Current and Proposed Retail Water Rates -- Plan B Alternative

	Current	Jan. 2017	Jan. 2018	Jan. 2019	Jan. 2020	Jan. 2021
Overall Water Rate Increase -->		8%	9%	8%	8%	6%
Daily Base Charges						
Up to 1" meter	\$ 1.24	\$ 1.42	\$ 1.63	\$ 1.83	\$ 2.05	\$ 2.23
1 1/2" meter	\$ 3.31	\$ 3.68	\$ 4.22	\$ 4.75	\$ 5.32	\$ 5.78
2" meter	\$ 5.28	\$ 5.85	\$ 6.72	\$ 7.56	\$ 8.47	\$ 9.20
3" meter	\$ 10.50	\$ 10.90	\$ 12.51	\$ 14.07	\$ 15.76	\$ 17.13
4" meter	\$ 16.36	\$ 18.12	\$ 20.80	\$ 23.40	\$ 26.21	\$ 28.48
6" meter	\$ 32.73	\$ 36.18	\$ 41.54	\$ 46.73	\$ 52.34	\$ 56.88
8" meter	\$ 58.83	\$ 57.85	\$ 66.42	\$ 74.72	\$ 83.68	\$ 90.94
Fire District	\$ 6.36	\$ 7.28	\$ 8.36	\$ 9.40	\$ 10.53	\$ 11.44
Water Usage Charge (\$/CCF)						
All water usage	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92
Typical Monthly Residential Bill (@ 30 CCF/mo.)	\$ 64.80	\$ 70.20	\$ 76.50	\$ 82.50	\$ 89.10	\$ 94.50
		\$ 5.40	\$ 6.30	\$ 6.00	\$ 6.60	\$ 5.40
		8.3%	9.0%	7.8%	8.0%	6.1%

Under either rate schedule, rates for calendar year 2017, would go into effect on May 1, 2017, not January 1, 2017 as shown in the rate schedules.

FINANCIAL CONSIDERATIONS

Approving the Retail Financial Plan and Five-Year Retail Water Rate Plan will ensure that the District's retail system continues to meet financial obligations for ongoing operation and maintenance, debt service, and capital improvements while maintaining prudent reserves. If an alternative five-year rate plan is adopted, other than the Plan B shown, then a new strategy and financial plan will be required in order to meet these obligations.

Attachments:

Exhibit 1 Retail Financial Plan and Water Rate Update Study dated January 26, 2017
Resolution 17-10 Adopting a Five Year Schedule of Retail Water Rates

SAN JUAN WATER DISTRICT

Retail Financial Plan and Water Rate Update Study

January 26, 2017



THE REED GROUP, INC.

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SECTION I. SUMMARY

INTRODUCTION AND BACKGROUND

In early 2016, the San Juan Water District retained The Reed Group, Inc. to update the District's ten-year wholesale and retail financial plans and develop recommendations for updating water rates for a five-year period from 2017 through 2021. The purpose of the study was to ensure that the District's wholesale and retail water systems continue to meet financial obligations for ongoing operation and maintenance, debt service, and capital improvements while maintaining prudent reserves. This report contains analyses and recommendations related to the District's retail operations. A separate report contains analyses and recommendations related to the District's wholesale operations.

One focus of this retail financial plan is to help ensure adequate funding of the District's retail capital improvement program. The retail capital improvement program includes about \$46.7 million (in future dollars) in capital improvements over the ten-year planning period extending through FY 25-26. The financial plan presented herein indicates that undertaking this capital program, as planned and scheduled, will require the issuance of an estimated \$12.75 million in new long-term debt in 2019 in order to fund two needed transmission pipelines and replace the cover of Kokila reservoir. Based on financial plan analyses, all other planned retail capital improvement projects can be funded on a pay-as-you-go basis.

A second focus of this retail financial plan is to address the outstanding unfunded accrued liability (UAL) associated with the District's retirement programs. Based on the most recent actuarial analysis, the retail water system has an outstanding UAL of about \$3.177 million as of June 30, 2016. The District is paying interest on this accrued liability of 7.5 percent while its financial reserves are earning about 0.5 percent. The financial plan includes a strategy for paying off 75 percent of this outstanding liability using available financial reserves; this is a more economically efficient use of the District's financial resources.

In other respects, the retail financial plan provides a strategy and recommendations for annually adjusting water rates in order to meet financial and service obligations while maintaining prudent reserves. While the financial plan covers a ten-year planning period, water rate recommendations cover five years. It is recommended that the District update the financial plan analysis at least once every three to five years, as warranted. In particular, the District should plan on updating the wholesale and retail financial plans prior to issuing new long-term debt.

Retail water rate calculations were updated based on the revenue needs developed through the financial planning process. The rate structure and cost allocation methodology used in the rate calculations are generally the same as in past studies. Proposed rates continue to include a uniform water usage rate for all water usage. One change, however, is a shift in the overall rate structure to place greater emphasis on daily fixed base charges with a corresponding reduction in the reliance on water usage revenue. This change is intended to help improve revenue stability.

During the course of this study, preliminary results and recommendations were presented to the District's Board of Directors in a workshop on June 29 and a board meeting on November 9. Following those meetings changes were made with regards to the UAL issue, as well as other refinements.

This report summarizes the analyses and recommendations of the retail financial plan and water rate study. It includes a financial strategy that relies upon ongoing revenues as well as available reserves to meet all financial obligations, including the planned capital improvement program.

FINANCIAL PLAN AND REVENUE NEEDS

The financial plan model covers the ten-year planning period from FY 16-17 through FY 25-26. The plan reflects estimated operation and maintenance costs, debt service obligations, and capital improvement needs of the retail water system. The financial plan is a cash-flow model, and differs from standard accounting income statements and balance sheets. The financial plan also separately reflects ongoing operation and maintenance, debt service payment obligations, and the capital improvement program, with separate revenue sources reflected for each. Financial reserves are also reflected in the financial planning model.

During the past couple of years, the District's operations have been impacted by the sustained drought that has affected all of California. Reduced water sales to retail customers has resulted in reduced revenues without a corresponding reduction in costs. As a result, the District cut costs, where possible, deferred capital improvement projects, relied more heavily on available financial reserves, and implemented a temporary 10 percent water shortage surcharge on water usage. The 10 percent water shortage surcharge was insufficient to address financial needs¹. As a result, property tax revenue and capital program reserves normally dedicated to capital improvement projects have been needed to help cover operating, maintenance, and debt service costs. At the present time, the financial condition of the retail water system is more financially stressed than it has been in a number of years.

Details of the financial plan assumptions, findings, and recommendations are presented in Section II of this report. However, the analysis indicates that the District needs to increase retail water rates each year for the next five years. The District's Board of Directors has approved the FY 16-17 budget without a rate increase, however that budget requires a dramatic use of reserves and would leave the District in greater financial stress. Primary findings and recommendations stemming from the retail financial plan analysis include:

- Annual water sales have declined in recent years likely due to the slowdown in the economy, the recent drought, and water conservation efforts by the District's customers. The financial plan assumes there will be a modest rebound in water demand beginning in FY 16-17 that then continues and extends over several years.

¹ Based on the severity of the drought, a 30 percent water shortage surcharge was authorized, but the District's Board of Director opted to only implement a 10 percent surcharge.

- Based on the most recent actuarial estimates, the retail water system has an outstanding unfunded accrued liability under its Public Employee Retirement System (PERS) retirement programs of about \$3.177 million. It is recommended that the District utilize available financial reserves to pay off 75 percent of this liability in FY 16-17, thereby significantly reducing the 7.5 percent annual interest cost on the UAL.
- The District should anticipate issuing about \$12.75 million in new long-term debt for the retail water system in 2019 in order to finance two needed transmission pipelines and replace the cover of Kokila Reservoir². It is anticipated that all other retail capital improvement projects can be funded on a pay-as-you-go basis thereby avoiding additional interest expenses.
- The District's financial reserve policies have served and continue to serve the District well. However, changes in certain reserves and reserve policies are recommended in order to provide greater economic efficiency and cost savings. A summary of reserve policy recommendations include:
 - Maintain the 20 percent operating reserve for working capital and emergency purposes
 - Eliminate the compensated absence reserve as it is unnecessary
 - Use funds from the PERS stabilization reserve, the Kokila reservoir reserve, and a portion of the general CIP reserve to payoff \$2.387 million (75 percent) of the retail PERS UAL balance
 - Maintain required and restricted debt service reserves
 - Continue to utilize the general CIP reserve to help fund planned capital improvement projects
 - Within the planning period, begin to fund an emergency CIP reserve to help provide flexibility in funding needed capital projects.
- It is recommended that the overall level of retail water rates be increased on an annual basis, as follows:

○ May 2017	8%
○ January 2018	9%
○ January 2019	9%
○ January 2020	9%
○ January 2021	6%

As with past practice, the District should monitor financial conditions and needs on an ongoing (annual) basis and update the financial plan model and future estimates at least every three to five years, or when conditions or plans changes sufficiently to warrant an update. Actual future conditions, such as water supply conditions, water deliveries, water sales revenue, operating and maintenance expenses, CIP project costs/timing, project financing, etc., may differ from the financial plan assumptions reflected herein. Material

² An estimated additional \$29.0 million may be needed to fund planned wholesale capital improvement projects. A single issue for both wholesale and retail projects is anticipated.

differences affecting the overall financial condition of the retail water system may warrant closer review and/or an earlier update. The need and magnitude of annual retail water rate increases may also be affected by differences between assumed and actual conditions, including the potential refunding of existing debt and the issuance of new debt.

PROPOSED RETAIL WATER RATES

Exhibit I-1 presents proposed retail water rates to be implemented beginning in May 2017, and continuing each January through 2021. The proposal includes holding the uniform water usage rate at the current \$0.92 per CCF, and meets all revenue needs through increases in the daily fixed base charges. The rate schedules for 2017 through 2021 reflect annual overall water rate increases of 8 percent, 9 percent, 9 percent, 9 percent, and 6 percent, respectively. At present, about 41 percent of retail water rate revenue is derived from water usage charge. By FY 20-21, water usage charge revenue will decline to about 37 percent of the total, even with a rebound in water demand.

The bottom portion of Exhibit I-1 summarizes the amount of a typical single family residential water bill under each of the proposed rate schedules. Residential customers with a 1" water meter will see water bill increases of \$0.18 per day with the rates proposed for May 2017, regardless of water usage. With the proposed 5-year rate plan, after five years of annual rate adjustments water bills for residential customers will have increased by a total of \$1.05 per day.

**Exhibit I-1
San Juan Water District
Current and Proposed Retail Water Rates**

	Current	Jan. 2017	Jan. 2018	Jan. 2019	Jan. 2020	Jan. 2021
Overall Water Rate Increase -->		8%	9%	9%	9%	6%
Daily Base Charges						
Up to 1" meter	\$ 1.24	\$ 1.42	\$ 1.63	\$ 1.86	\$ 2.11	\$ 2.29
1 1/2" meter	\$ 3.31	\$ 3.68	\$ 4.22	\$ 4.81	\$ 5.46	\$ 5.93
2" meter	\$ 5.28	\$ 5.85	\$ 6.72	\$ 7.66	\$ 8.69	\$ 9.44
3" meter	\$ 10.50	\$ 10.90	\$ 12.51	\$ 14.27	\$ 16.19	\$ 17.58
4" meter	\$ 16.36	\$ 18.12	\$ 20.80	\$ 23.72	\$ 26.91	\$ 29.23
6" meter	\$ 32.73	\$ 36.18	\$ 41.54	\$ 47.38	\$ 53.74	\$ 58.36
8" meter	\$ 58.83	\$ 57.85	\$ 66.42	\$ 75.76	\$ 85.94	\$ 93.34
Fire District	\$ 6.36	\$ 7.28	\$ 8.36	\$ 9.54	\$ 10.82	\$ 11.75
Water Usage Charge (\$/CCF)						
All water usage	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92
Daily Private Fire Line Charges						
4" meter	\$ 0.53	\$ 0.57	\$ 0.62	\$ 0.68	\$ 0.74	\$ 0.78
6" meter	\$ 0.78	\$ 0.84	\$ 0.92	\$ 1.00	\$ 1.09	\$ 1.16
8" meter	\$ 1.05	\$ 1.14	\$ 1.24	\$ 1.35	\$ 1.47	\$ 1.56
10" meter	\$ 1.26	\$ 1.36	\$ 1.48	\$ 1.61	\$ 1.75	\$ 1.86
Hinkle PS Pumping Surcharge (\$/AF)						
Wholesale deliveries to City of Folsom	\$ 68.87	\$ 74.38	\$ 81.07	\$ 88.37	\$ 96.32	\$ 102.10
Typical Monthly Residential Bill	\$ 64.80	\$ 70.20	\$ 76.50	\$ 83.40	\$ 90.90	\$ 96.30
(@ 30 CCF/mo.)		\$ 5.40	\$ 6.30	\$ 6.90	\$ 7.50	\$ 5.40
		8.3%	9.0%	9.0%	9.0%	5.9%

SECTION II. RETAIL FINANCIAL PLAN

This section of the report describes the financial plan for the District's retail water system. The ten-year financial plan is used to determine annual retail water rate revenue requirements. The annual rate revenue requirement is the amount of revenue needed from water rates to cover planned operating, maintenance, debt service, and capital program costs with consideration of other revenues and financial reserves.

FUND STRUCTURE AND CASH FLOWS

The financial plan is an annual cash flow model. As a cash flow model, it differs from standard accounting income statements, and balance sheets. The financial plan models sources and uses of funds into, out of, and between the various funds and reserves of the water utility.

The financial plan model is based on a fund, reserve, and account structure that separately addresses operating, debt service, and capital program needs, with three funds for these three purposes. This presentation helps provide transparency as to the sources and uses of funds for each type of obligation. The District recently replaced and upgraded its financial accounting system. This financial plan was developed based on the new account structure reflected in the District's financial accounting software.

An understanding of the fund/reserve structure is helpful in understanding the financial plan worksheets that model annual cash flows through the retail water system from one year to the next. The fund/reserve structure is comprised of:

- ***Retail Operating Fund*** – The retail operating fund is the primary fund within the retail water system. Most retail revenues, including water rate revenues, flow into the operating fund and all operating and maintenance costs, including debt service payments, are paid out of this fund. Funds are also transferred from the operating fund to the retail capital fund to help pay for capital projects intended to rehabilitate and upgrade facilities. Five separate reserves are reflected in the operating fund.
 - *Operating Reserve* – The District maintains an operating reserve within the operating fund equal to 20 percent of annual retail operating and maintenance costs. The purpose of the operating reserve is to provide working capital and funds for unplanned operating and maintenance expenditures. At the end of FY 15-16, the retail operating reserve had an estimated \$1,997,000, based on the budgeted operating and maintenance costs budgeted for the upcoming fiscal year.
 - *Compensated Absence Reserve* – The District has maintained a separated reserve to fund its liability for compensated absences. At the end of FY 15-16 this reserve had an estimated balance of about \$348,000. The need to maintain the reserve has been under review by District staff and Board. A policy recommendation to eliminate this reserve is supported by staff and incorporated in the financial plan analyses.

- *PERS Stabilization Reserve* - A separate Public Employee Retirement System (PERS) stabilization reserve is shown as a part of the operating fund, and reflects the balance of funds set aside to meet PERS UAL obligations. At the end of FY 15-16, the PERS stabilization reserve had an estimated balance of about \$411,000. At present, the retail water system is responsible for about \$3.177 million of the UAL obligation. Because this obligation is carried with a 7.5 percent interest rate, and the District only earns about 0.5 percent on its total investment pool, it would be advantageous to use this reserve to reduce the UAL obligation. This matter is discussed in greater detail later in this section.
- *Customer Deposits* - Money on deposit with the District as security is maintained in a separate reserve account. At the end of FY 15-16 the District held about \$47,000 in customer deposits. This reserve is not available for general purposes and does not affect the financial plan analysis.
- *EDA Loan Reserve* - Consistent with the requirements of a loan from the Economic Development Agency, the District has maintained a loan reserve equal to one annual loan payment. The EDA loan will be fully repaid in FY 16-17, and the loan reserve can be used to make the final payment. This reserve will no longer exist following payoff of the loan.
- *Uncommitted Fund Balance* - The balance in the operating fund in excess of the target amount for the operating reserves, as well as the other operating fund reserves, is shown in the financial plan as uncommitted fund balance. After all other obligations are met the uncommitted fund balance is available to offset rate increases, and the financial plan model generally seeks to reduce any uncommitted fund balance over time. **Negative amounts for the uncommitted fund balance indicate the degree to which the minimum operating reserve is not met.** To prevent a significant negative uncommitted balance at the end of FY 15-16 the financial plan model includes a transfer of funds from the capital fund to the operating fund of \$1,850,000.
- *Retail Capital Fund* - The retail capital fund is used to account for capital project expenditures, as well as related funding sources. The District applies property tax revenues (the 1 percent increment taxes) to the capital program. In addition, it is recommended that a portion of revenues from the retail water rates be transferred annually to the capital fund, in support of the long-term capital program. While current revenues are insufficient for this transfer, this should be an objective to help minimize or reduce the amount of debt that may be required in the future. Capital projects funded from the retail capital fund are intended to rehabilitate, upgrade, and expand the retail water system to meet current and future needs of the utility. The financial plan model generally seeks to maintain a positive balance in the capital fund while also covering the costs of planned capital improvement projects. The capital fund is comprised of five separate reserves.

- *General CIP Reserve* – This reserve reflects the capital fund balance that is generally available for retail capital improvement purposes. At the end of FY 15-16, this reserve had an estimated balance of about \$6.81 million.
- *Vehicle/Equipment Reserve* – This reserve is intended to provide funds for the replacement of vehicles and major equipment. At the end of FY 15-16 the reserve had an estimated balance of about \$315,000. District staff and the Board of Directors are currently reviewing the need to maintain this as a separate reserve, and it may be rolled into the general CIP reserve.
- *Kokila Reservoir Reserve* – The District maintains a sinking fund for the eventual replacement and upgrade of Kokila Reservoir. The sinking fund has a FY 15-16 year-end balance of about \$393,000. The District adds \$10,000 annually to this reserve, plus accrued interest. The District plans to replace the cover of Kokila reservoir in FY 20-21 for an estimated cost of about \$9.5 million (in future dollars). As presently funded, the Kokila reservoir reserve would only cover a small fraction of the total cost of this major project.
- *Emergency CIP Reserve* – The emergency CIP reserve currently has a zero balance. The reserve is intended to be available for emergency capital improvement projects at the Board’s discretion. The financial plan includes gradual funding of the emergency CIP reserve during the later half of the planning period. However, it could also be consolidated into the general CIP reserve.
- *Project Fund* – The financial plan includes the issuance of new long-term debt in 2019 to finance the Kokila reservoir cover project, as well as two transmission pipelines. The financial plan model includes a project fund as part of the capital fund as a means of accounting for the use of debt proceeds.
- ***Debt Service Fund*** – The financial plan model also includes a debt service fund as the mechanism for tracking debt service obligations and payments. Outstanding debt was issued in 2009 and in 2012. Restricted debt service reserves are required under the terms of the 2009 COPs, and it is anticipated that similar reserve may be required as part of the anticipated 2019 debt issue.
 - *2009 COP Debt Service Reserves* – The 2009 certificates of participation (COPs) requires the District to maintain certain debt service reserves. These reserves are shown as part of the overall debt service fund balance. Retail 2009 COP debt service reserves total about \$1.033 million as of the end of FY 15-16. Money in this reserve is restricted and can only be used for specific purposes related to the 2009 COPs.
 - *2019 Debt Service Reserves* – Estimated costs for the 2019 debt issue include providing money from the issuance to fund a debt service reserve. Such a reserve has been included in the financial plan model.

FINANCIAL PLAN ASSUMPTIONS

The financial plan was created to reflect the FY 15-16 estimated actual revenues, expenses, and year-end financial position, as well as the FY 16-17 adopted budget, ten-year capital improvement program, and existing debt service schedules. The financial plan also reflects estimates of future operating and maintenance costs, revenues based on a number of assumptions, potential future debt service obligations, and information provided by the District.

The process used to develop the financial plan involved estimating future revenues and expenditures based on inflation and interest rates, water supply costs and demand projections, anticipated capital improvement needs, and other information. The District does not have formal estimates of future operating and maintenance costs, and capital improvement needs are defined at a planning level. The financial plan is based on the best available information and assumptions are believed to be reasonable; however, no assurance can be provided as to the accuracy and completeness of the estimates.

Primary assumptions reflected in financial plan analyses are summarized below. Many of the assumptions used in both retail and wholesale financial plans are summarized in **Exhibit II-1**.

- *Interest Rates* – The District invests most of its available funds in the Local Agency Investment Fund (LAIF), which has been earning less than 0.5 percent for the past several years. A small portion of the District’s available assets is invested in other securities that have recently yielded about 1.5 percent. In aggregate, in FY 14-15 the District’s invested funds returned about 0.5 percent. The financial plan model incorporates an assumed 0.5 percent rate of return on all funds. This interest rate is assumed to gradually increase to 1.0 percent by the end of the ten-year planning period. Interest calculations are based on beginning-of-year balances and interest accrues to each of the funds. The District also pays interest on outstanding long-term debt obligations. The interest payments on outstanding debt are those contained in existing contracts and repayment schedules.
- *Inflation Rates* – Annual inflation rates for general operating and maintenance costs is 3.0 percent per year throughout the planning period. Inflation for chemical and energy costs is assumed 5.0 percent per year. Inflation on retiree medical costs and other post-employment benefit (OPEB) obligations is assumed at 6.0 percent per year. Finally, construction costs are assumed to increase 3.0 percent annually.
- *Retail Customer Base and Water Demand* – Modest growth in the District’s retail customer base is incorporated for financial planning purposes based on information contained in the 2015 *Urban Water Management Plan* (UWMP). Annual growth of the District’s retail customer base is slightly more than 1 percent per year during the planning period. Retail water demand is estimated to rebound toward historic levels over the next several years, based on the assumed return to normal water supplies in 2016 and demand rebound over several years reaching normal demand by 2020. Retail water demands in 2020 and 2025 are based on estimates included in the District’s 2015 UWMP.

Exhibit II-1
San Juan Water District
Financial Plan Assumptions

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Financial Assumptions											
Interest Earnings		0.5%	0.5%	0.5%	0.5%	0.75%	0.75%	0.75%	1.0%	1.0%	1.0%
General Inflation		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Energy/Chem. Inflation		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Retiree Med. & OPEB Infl.		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Construction Inflation		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Wholesale Operating Fund Reserve		20% of annual O&M expenses									
Retail Operating Fund Reserve		20% of annual O&M expenses									
Wholesale Water Service											
No. Retail Connections	50,863	51,253	51,643	52,034	52,424	52,814	53,156	53,498	53,840	54,182	54,524
% Change		0.8%	0.8%	0.8%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%
Total Ann. Deliv. (AF)	30,637	35,858	41,110	43,949	46,765	48,592	48,938	49,285	49,630	49,977	50,184
% Change		17.0%	14.6%	6.9%	6.4%	3.9%	0.7%	0.7%	0.7%	0.7%	0.4%
Folsom Pumping Charge	\$ 68.87	\$ 71.63	\$ 77.73	\$ 84.72	\$ 92.35	\$ 97.89	\$ 101.81	\$ 105.88	\$ 110.12	\$ 114.52	\$ 119.10
Folsom Deliveries (AF)	963	1,060	1,272	1,305	1,338	1,370	1,370	1,370	1,370	1,370	1,370
Retail Customer Accounts and Water Usage											
No. of Customer Accounts	10,105	10,224	10,343	10,462	10,581	10,700	10,823	10,946	11,069	11,192	11,315
Residential	477	483	489	495	501	507	513	519	525	531	537
Non-Residential	10,582	10,707	10,832	10,957	11,082	11,207	11,335	11,464	11,592	11,721	11,849
% Change		1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
No. of Equiv. Mtrs.	8,586	8,711	8,836	8,961	9,086	9,211	9,339	9,468	9,596	9,724	9,853
Water Sales (CCF)	3,803,000	4,509,000	5,171,000	5,511,000	5,850,000	6,104,000	6,226,000	6,351,000	6,477,000	6,603,000	6,680,000
Water Sales (AF)	8,730	10,351	11,871	12,652	13,430	14,013	14,293	14,580	14,869	15,158	15,335
Water Demand Factor		19%	15%	7%	6%	4%	2%	2%	2%	2%	1%
Water Purchases (AF)	10,213	12,177	13,846	14,627	15,395	15,928	16,112	16,295	16,479	16,663	16,773
Unacct. Loss Rate	-15%	-15%	-14%	-14%	-13%	-12%	-11%	-11%	-10%	-9%	-9%
Connection Fees											
Wholesale Conn. Fee	\$ 391	\$ 403	\$ 415	\$ 427	\$ 440	\$ 453	\$ 467	\$ 481	\$ 495	\$ 510	\$ 525
Retail Conn. Fee	\$ 14,910	\$ 15,357	\$ 15,818	\$ 16,293	\$ 16,782	\$ 17,285	\$ 17,804	\$ 18,338	\$ 18,888	\$ 19,455	\$ 20,039
2019 Debt Issue											
Par Amount	Total	Wholesale	Retail								
Interest Rate	41,750,000	29,000,000	12,750,000								
Term (Years)	4.0%										
Funded DS Reserve	30										
Issuance Costs	Yes										
Net Proceeds	2.0%										
Est. Annual Payment	38,501,000	26,743,000	11,758,000								
	2,414,000	1,677,000	737,000								

- *Cost of Water Supplies* – The cost of water supplies is reflected as the amount the retail water system pays the wholesale water system for water deliveries. This is comprised of quarterly fixed service charges, debt service charges, and capital facilities charges, as well as a water usage charge for each acre-foot of delivered water. The retail financial plan uses information from the *2017 Wholesale Financial Plan and Water Rate Update Study* as the basis for water supply costs to the retail water system.
- *Other Operation and Maintenance Costs* – Beyond water purchases costs, the financial plan model is based on current operating and maintenance costs as reflected in the FY 16-17 operating budget. Future operating and maintenance costs are estimated based on assumed inflation rates, as previously described. Energy costs for pumping are also adjusted based on changes in water demands.
- *Staff Additions* – The retail financial plan incorporates the following new staff positions, based on needs identified by District staff.
 - Human Resources Specialist – This position is added mid-year in FY 16-17 at a total annual cost of \$125,000. The position has been split equally between the wholesale and retail water systems, and has been included in the District’s FY 16-17 budget.
 - Administrative Assistant - This position is added in FY 17-18 at a total annual cost of \$80,000. The position has been split equally between the wholesale and retail water systems.
 - Customer Services Representative – This position is added in FY 17-18 at a total annual cost of \$90,000, and is included entirely as a cost to the retail water system.
- *Large Non-Capital Projects* – Large non-capital projects, such as studies, assessments, and large maintenance items had previously been included in the District’s capital improvement program. Beginning in FY 16-17 these items are being included in the operating budget, and treated as operating and maintenance expenses (rather than capitalized and expensed over time). The retail financial plan includes the budgeted FY 16-17 large non-capital items totaling about \$157,000. For future years, this amount is escalated at the pace of inflation to account for most ongoing non-capital project needs. Four additional items have also been explicitly added to the retail financial plan. They include:
 - New GIS implementation with an estimated cost of \$123,000 in FY 17-18
 - A retail master plan with an estimated cost of \$338,000 in FY 18-19
 - AMR feasibility study with an estimated cost of \$68,000 in FY 18-19
 - Bacon 33” and Sierra 30” pipeline condition assessments with estimated costs of \$52,000 and \$160,500 in FY 17-18 and FY 18-19, respectively.

It is believed that these estimates and allowances conservatively reflect future non-capital project needs.

- *Debt Obligations* – The District’s retail debt obligations are currently limited to repayment of 2009 COPs and 2012 refunding revenue bonds. The retail portion

of annual debt service on the 2009 COPs totals about \$757,000, and is about \$257,000 on the 2012 refunding revenue bonds.

The financial plan model includes estimates related to the issuance of additional long-term debt in 2019 in order to fund major capital improvement projects. The 2019 new debt issue is estimated with a total par amount of \$41.75 million (\$29.0 million for wholesale projects and \$12.75 million for retail projects). Estimated terms include a 4.0 percent interest rate, 30-year repayment term, issuance costs of 2.0 percent of the par amount, funding of a debt service reserve, and approximately equal annual principal and interest payments throughout the repayment period. Actual terms would be determined at the time of debt issuance and will reflect market conditions at that time. The actual allocation of debt service obligations to each wholesale customer will also be determined at the time of issuance.

Exhibit II-2 provides details on current actual and estimated future debt service obligations, including the distribution of debt service costs to each wholesale customer. The District is currently meeting debt service coverage obligations, and financial plan analyses consider this requirement in developing estimates for future annual water rate adjustments.

The District has considered refunding the 2009 COPs in order to take advantage of current low interest rates. However, because of pre-payment penalties, financial advisors have indicated that it will likely be more feasible to refund the COPs in 2018 when pre-payment penalties no longer apply. Financial plan analyses do not reflect any potential cost savings associated with refunding of the 2009 COPs.

- *Capital Improvement Program* – The District’s retail 10-year capital improvement program includes about 75 projects totaling about \$46.7 million in future dollars, averaging about \$4.7 million annually. **Exhibit II-3** lists the planned projects, as well as estimated cost and timing. Costs in Exhibit II-3 have been escalated each year based on a 3.0 percent annual construction inflation factor.

The capital improvement program has a concentration of project expenditures in FY 19-20 and FY 20-21. This concentration primarily includes two major transmission pipeline projects and a new cover for Kokila reservoir, which together total about \$12.1 million. Because of their size, and the District’s current financial condition, it is virtually impossible to undertake these projects without issuing new long-term debt.

Financial plan analyses suggest that with the exception of the two transmission pipelines and the Kokila reservoir cover project, the entire capital improvement program can be financed on a pay-as-you-go basis using capital program revenues, transfers from the operating fund, and available reserves.

Annual transfers from the operating fund to the capital fund range from zero dollars initially (due to inadequacy of water rate revenues) to \$2.0 million toward the end of the planning period. By establishing rates sufficient to support a portion of the capital program the District may be able to avoid the need for additional long-term debt beyond 2019. This has been an objective of the financial plan, and the proposed rates help to achieve this objective.

Exhibit II-2
San Juan Water District
Summary of Wholesale and Retail Debt Service Obligations

	Alloc. %	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
2009 Certificates of Participation												
Principal		430,000	450,000	475,000	500,000	525,000	550,000	580,000	615,000	650,000	690,000	725,000
Interest		1,672,400	1,653,050	1,630,550	1,606,800	1,580,550	1,551,675	1,521,425	1,488,075	1,452,713	1,415,338	1,379,113
Total Payment		2,102,400	2,103,050	2,105,550	2,106,800	2,105,550	2,101,675	2,101,425	2,103,075	2,102,713	2,105,338	2,104,113
Outstanding Balance		28,825,000	28,375,000	27,900,000	27,400,000	26,875,000	26,325,000	25,745,000	25,130,000	24,480,000	23,790,000	23,065,000
Retail Share	36%	756,900	757,100	758,000	758,400	758,000	756,600	756,500	757,100	757,000	757,900	757,500
Wholesale Share	64%	1,345,500	1,346,000	1,347,600	1,348,400	1,347,600	1,345,100	1,344,900	1,346,000	1,345,700	1,347,400	1,346,600
SJWD-RSA	31.59%	425,000	425,200	425,700	426,000	425,700	424,900	424,900	425,200	425,100	425,600	425,400
Citrus Heights WD	33.63%	452,500	452,700	453,200	453,500	453,200	452,400	452,300	452,700	452,600	453,100	452,900
Fair Oaks WD	20.93%	281,600	281,700	282,100	282,200	282,100	281,500	281,500	281,700	281,700	282,000	281,800
Orange Vale WC	10.57%	142,200	142,300	142,400	142,500	142,400	142,200	142,200	142,300	142,200	142,400	142,300
City of Folsom	3.28%	44,100	44,100	44,200	44,200	44,200	44,100	44,100	44,100	44,100	44,200	44,200
Total	100.00%	1,345,400	1,346,000	1,347,600	1,348,400	1,347,600	1,345,100	1,345,000	1,346,000	1,345,700	1,347,300	1,346,600
2012 Refunding Revenue Bonds												
Principal		440,000	450,000	465,000	485,000	500,000	530,000	555,000	580,000	610,000	630,000	650,000
Interest		539,200	526,000	508,000	487,075	472,525	447,525	421,025	393,275	364,275	345,975	327,075
Total Payment		979,200	976,000	973,000	972,075	972,525	977,525	976,025	973,275	974,275	975,975	977,075
Outstanding Balance		11,285,000	10,835,000	10,370,000	9,885,000	9,385,000	8,855,000	8,300,000	7,720,000	7,110,000	6,480,000	5,830,000
Retail Share	26.39%	258,400	257,600	256,800	256,600	256,700	258,000	257,600	256,900	257,100	257,600	257,900
Folsom Share	8.80%	86,100	85,900	85,600	85,500	85,600	86,000	85,900	85,600	85,700	85,900	86,000
Wholesale Share	64.81%	634,600	632,500	630,600	630,000	630,300	633,500	632,600	630,800	631,400	632,500	633,200
SJWD-RSA	29.82%	189,200	188,600	188,000	187,900	188,000	188,900	188,600	188,100	188,300	188,600	188,800
Citrus Heights WD	34.81%	220,900	220,200	219,500	219,300	219,400	220,500	219,400	219,600	219,800	220,200	220,400
Fair Oaks WD	25.58%	162,300	161,800	161,300	161,200	161,200	162,000	161,800	161,400	161,500	161,800	162,000
Orange Vale WC	7.85%	49,800	49,700	49,500	49,500	49,500	49,700	49,700	49,500	49,600	49,700	49,700
City of Folsom	1.94%	12,300	12,300	12,200	12,200	12,200	12,300	12,300	12,200	12,200	12,300	12,300
Total	100.00%	634,500	632,600	630,500	630,100	630,300	633,400	632,600	630,800	631,400	632,600	633,200
2019 New Debt Issue - Wholesale												
Principal			515,000				535,000	555,000	580,000	600,000	625,000	650,000
Interest			1,160,000				1,139,000	1,118,000	1,096,000	1,073,000	1,049,000	1,024,000
Total Payment			1,675,000				1,674,000	1,673,000	1,676,000	1,673,000	1,674,000	1,674,000
Outstanding Balance			29,000,000				27,950,000	27,395,000	26,815,000	26,215,000	25,590,000	24,940,000
SJWD-RSA	32.5%		544,375				544,050	543,725	544,700	543,725	544,050	544,050
Citrus Heights WD	30.3%		507,525				507,222	506,919	507,828	506,919	507,222	507,222
Fair Oaks WD	23.0%		385,250				385,020	384,790	385,480	384,790	385,020	385,020
Orange Vale WC	10.9%		182,575				182,466	182,357	182,684	182,357	182,466	182,466
City of Folsom	3.3%		55,275				55,242	55,209	55,308	55,209	55,242	55,242
Total	100.0%		1,675,000				1,674,000	1,673,000	1,676,000	1,673,000	1,674,000	1,674,000
2019 New Debt Issue - Retail												
Principal			225,000				235,000	245,000	255,000	265,000	275,000	285,000
Interest			510,000				501,000	492,000	482,000	472,000	461,000	450,000
Total Payment			735,000				736,000	737,000	737,000	737,000	736,000	735,000
Outstanding Balance			12,525,000				12,290,000	12,045,000	11,790,000	11,525,000	11,250,000	10,965,000

Exhibit II-3
SAN JUAN WATER DISTRICT
TEN-YEAR RETAIL CAPITAL IMPROVEMENT PROGRAM - SUMMARY TABLE

Line	Construction Inflation Factor	Project Name	Cost Est. 1	Total Cost 1a	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38
Engineering Department Equipment															
1		Replace Survey Equipment	\$ 16,000	\$ 38,000			\$ 17,000						\$ 21,000		
Vehicle Replacements and Reserve															
2		Vehicles (roll-up from detail below)	\$ 1,000,900	\$ 1,717,000	\$ 111,000	\$ 349,000	\$ 78,000	\$ 212,000	\$ 163,000	\$ 78,000	\$ 123,000	\$ 127,000	\$ 130,000	\$ 149,000	\$ 197,000
		Field Operations - Vehicle #18 Replacement	\$ 35,000	\$ 41,000					\$ 41,000						
		Conservation - Vehicle #1 Replacement	\$ 28,000	\$ 32,000					\$ 32,000						
		Pool - Retail Share of Vehicle #30 (Jeep) Replacement	\$ 14,000	\$ 34,000		\$ 15,000									\$ 19,000
		Field Operations - Vehicle #9 Replacement	\$ 45,000	\$ 48,000		\$ 48,000									
		Field Operations - Vehicle #21 Replacement	\$ 60,000	\$ 64,000		\$ 64,000									
		Field Operations - Ditch Witch (Victor) Replacement	\$ 92,500	\$ 95,000	\$ 95,000										\$ 40,000
		Conservation - Vehicle #27 Replacement	\$ 29,000	\$ 71,000		\$ 31,000									
		Field Operations - Vehicle E86 (backhoe) Replacement	\$ 110,000	\$ 117,000		\$ 117,000									
		Field Operations - Transport (Trailer) Replacement	\$ 85,000	\$ 96,000		\$ 117,000		\$ 96,000						\$ 15,000	
		Customer Service - Vehicle #2 (GEM) Replacement	\$ 11,400	\$ 27,000	\$ 12,000	\$ 34,000									
		Engineering - Vehicle #22 Replacement	\$ 31,500	\$ 34,000											
		Engineering - Vehicle #23 Replacement	\$ 31,500	\$ 35,000			\$ 71,000	\$ 35,000							
		Field Operations - Vehicle #8 Replacement	\$ 65,000	\$ 73,000			\$ 7,000	\$ 73,000							
		Field Operations - Vehicle #125 (Mud Trailer) Replacement	\$ 6,500	\$ 7,000											
		Field Operations - Vehicle #E30 (Mud Trailer) Replacement	\$ 7,500	\$ 8,000		\$ 8,000									
		Field Operations - Vehicle #24 Replacement	\$ 50,000	\$ 58,000					\$ 58,000						
		Field Operations - Vehicle #28 Replacement	\$ 50,000	\$ 60,000		\$ 32,000				\$ 60,000					
		Field Operations - Vehicle #E59 (Compressor) Replacement	\$ 30,000	\$ 32,000											
		Customer Service - Vehicle #13 Replacement	\$ 28,000	\$ 32,000					\$ 32,000						
		Safety Trailer (Night Work, SVPPP Response)	\$ 15,000	\$ 18,000						\$ 18,000					
		Field Operations - Vehicle #E70 (Mud Trailer) Replacement	\$ 7,500	\$ 8,000				\$ 8,000							
		Vehicle #10 - Retail Share General Mgr. Assigned Car	\$ 3,500	\$ 4,000	\$ 4,000										
		Future Vehicle Replacements	\$ 100,000	\$ 652,000							\$ 123,000	\$ 127,000	\$ 130,000	\$ 134,000	\$ 138,000
Distribution Mainline Replacements															
3		Erwin Avenue (Entire Alignment; Steel)	\$ 78,500	\$ 81,000	\$ 81,000										
4		Peerless Ave 12" - North Main Replacement	\$ 44,200	\$ 46,000	\$ 46,000										
5		Telegraph Ave Re-connect (7616-7626, Creek King)	\$ 92,300	\$ 95,000	\$ 95,000										
6		Oak Ave & Cardwell 12" Main (Santa Juanita to Cardwell)	\$ 132,700	\$ 132,700	\$ 132,700										
7		Oak Avenue 12" Main (9151-9219, Casa Robles H.S.)	\$ 328,500	\$ 328,500	\$ 5,500	\$ 323,000									
8		Douglas Blvd. (Joe Rodgers to Luth. Church; Steel)	\$ 30,600	\$ 30,600	\$ 30,600										
9		Dambacher Dr (7225-7355)	\$ 178,000	\$ 189,000	\$ 189,000										
10		Douglas Blvd. (6990 to 7767; Steel) and assoc. small mains	\$ 1,362,000	\$ 1,445,000	\$ 1,445,000										
11		Main Avenue (5700-5708 & 5640-5682)	\$ 334,900	\$ 355,000	\$ 4,000	\$ 351,000									
12		Lou Place 8" Troy Way to Crown Point Vista	\$ 111,600	\$ 122,000		\$ 122,000									
13		Telegraph Ave. (7406 to 7453; Steel)	\$ 151,000	\$ 156,000	\$ 156,000										
14		Sierra College & Douglas 12" (Eastern Crossing)	\$ 150,000	\$ 164,000	\$ 164,000					\$ 164,000					
15		Spahn Ranch Rd. Main Extension (2,980 LF 8-inch)	\$ 900,000	\$ 983,000	\$ 983,000					\$ 983,000					
16		Cavitt Stallman 12" (Oak Pines to Sierra Ponds)	\$ 520,000	\$ 585,000	\$ 585,000					\$ 585,000					
17		Cavitt Stallman 12" (Mystery Creek to Oak Pines, w/ PRS)	\$ 325,000	\$ 366,000	\$ 366,000					\$ 366,000					
18		Edward Court 8" (South of Lou Place)	\$ 90,000	\$ 104,000	\$ 104,000					\$ 104,000					
19		Peerless Ave. 8" - South Main Replacmt	\$ 252,000	\$ 292,000	\$ 292,000					\$ 292,000					
20		Excelsior 12" Main Extension	\$ 280,000	\$ 334,000	\$ 334,000					\$ 334,000					
21		Skyway Ln to Mooney Ridge 8"	\$ 106,000	\$ 127,000	\$ 127,000					\$ 127,000					
22		Oak Hill to Barton 8" (CP/Bacon Zone Intersect w/ CV)	\$ 67,000	\$ 82,000	\$ 82,000					\$ 82,000					
23		Orangeville Avenue & Bridge Crossing (Bridge section)	\$ 45,000	\$ 48,000	\$ 48,000										
24		Orangeville Avenue & Bridge Crossing (Main line)	\$ 250,000	\$ 307,000	\$ 307,000										
25		Auburn-Folsom Road (Bentley to Joe Rodgers Rd.)	\$ 250,000	\$ 317,000	\$ 317,000							\$ 317,000			
26		Bentley Place to Folsom Oaks Ct.	\$ 50,000	\$ 65,000	\$ 65,000								\$ 65,000		
27		Barton Road Intersect	\$ 310,000	\$ 319,000	\$ 319,000										
28		Future Main Replmt's (TBD w/ Master Plan Update)	\$ 3,000,000	\$ 5,154,844,000							\$ 1,845,000	\$ 1,900,000	\$ 3,914,000	\$ 4,032,000	\$ 4,153,000

Exhibit H-3 -- Continued
SAN JUAN WATER DISTRICT
TEN-YEAR RETAIL CAPITAL IMPROVEMENT PROGRAM - SUMMARY TABLE

Line	Construction Inflation Factor	Project Name	Cost Est. 1	Total Cost 1a	1.03 FY15-16	1.06 FY16-17	1.09 FY17-18	1.13 FY18-19	1.16 FY19-20	1.19 FY20-21	1.23 FY21-22	1.27 FY22-23	1.30 FY23-24	1.34 FY24-25	1.38 FY25-26
Transmission Pipelines															
29	ARR - North Phase 24" T-main		\$ 650,000	\$ 678,000	\$ 678,000										
30	Twin Rocks Road 18" (Vogal Valley to Sierra Ponds)		\$ 2,200,000	\$ 2,787,000								\$ 2,787,000			
31	Barton Rd 18" T-main (2710-LF, Eureka to Douglas)		\$ 840,000	\$ 974,000					\$ 974,000						
32	Eureka Rd. 18" T-main (3925-LF, Barton to Aub-Fols; Steel)		\$ 1,500,000	\$ 1,734,000			\$ 169,000		\$ 1,565,000						
33	Gravity Zone CTP to Gravity/Sierra Zone Interrie		\$ 500,000	\$ 580,000					\$ 580,000						
Storage Tanks															
34	4.0 MG Kokila Reservoir (Replace Hypalon w/ Steel)*		\$ 8,000,000	\$ 9,524,000					\$ 927,000	\$ 8,597,000					
35	Los Lagos Tank Recoating (Interior & Exterior)		\$ 724,000	\$ 767,500	\$ 750,000	\$ 760,000									
36	Los Lagos Tank Mixing System and Residual Test Ports		\$ 20,000	\$ 21,000	\$ 21,000										
37	Mooney Ridge Hydro-Tank Recoating (Inside & Outside)		\$ 100,000	\$ 119,000					\$ 119,000						
38	Mooney Tank Building New Roof		\$ 20,000	\$ 22,000		\$ 22,000									
Pressure Reducing Stations															
39	Oak Ave ARC North/South PRS		\$ 200,000	\$ 212,000	\$ 212,000										
40	Bacon/B2 PRS's		\$ 300,000	\$ 318,000	\$ 318,000										
41	Canyon Falls Village PRS Replacement		\$ 150,000	\$ 164,000		\$ 164,000									
42	Bacon/Sierra PRS Improvements (3 Stations Identified)		\$ 335,000	\$ 355,000	\$ 355,000										
43	LGB/UGB Control Valves (Bronson Valve)		\$ 150,000	\$ 159,000	\$ 159,000										
Pump Stations															
44	Generator Replacements (Bacon & UGB)		\$ 425,000	\$ 473,000		\$ 42,000	\$ 186,000	\$ 287,000							
45	LGB/CP Emergency Interrie (MOV)		\$ 40,000	\$ 42,000	\$ 42,000										
46	Bacon CP Cooling Improvements (HVAC)		\$ 20,000	\$ 22,000	\$ 22,000		\$ 22,000								
47	Bacon PS - new roof		\$ 20,000	\$ 22,000	\$ 22,000										
48	Bacon Painting & Repairs		\$ 3,000	\$ 3,000	\$ 3,000				\$ 3,000						
49	Bacon Manifold Piping Modifications		\$ 10,000	\$ 12,000	\$ 12,000				\$ 12,000						
50	UGB & LGB Low Flow Pumps		\$ 140,000	\$ 162,000	\$ 162,000				\$ 162,000						
51	Douglas PS Pump, Motors, HVAC		\$ 375,000	\$ 448,000						\$ 448,000					
52	ARC-S PS Building, Piping, HVAC Improvements		\$ 18,000	\$ 20,000	\$ 20,000		\$ 20,000								
53	Bacon Intrusion Alarms		\$ 30,000	\$ 32,000	\$ 32,000										
54	Lower Granite Bay PS Construction		\$ 245,000	\$ 245,000	\$ 245,000										
55	Upper Granite Bay PS Construction		\$ 1,020,000	\$ 1,020,000	\$ 1,020,000										
Miscellaneous CIP Items															
56	Water Quality Sample Stations		\$ 75,000	\$ 75,000	\$ 75,000										
57	Utility Locator (Replacement)		\$ 6,000	\$ 15,000		\$ 7,000						\$ 8,000			
58	Security Improvements (Bacon)		\$ 150,000	\$ 169,000		\$ 169,000									
59	Field & Engr Building Roof Replacement (RSA Share)		\$ 50,000	\$ 55,000	\$ 55,000										
60	Field & Engr Building HVAC Replacement		\$ 19,000	\$ 33,500	\$ 33,500		\$ 21,000						\$ 12,500		
61	Portable Generator - Trailer Mounted		\$ 5,000	\$ 5,000	\$ 5,000		\$ 5,000								
62	SCADA Radio Replacements (RSA Share)		\$ 25,000	\$ 29,000	\$ 29,000				\$ 29,000						
63	SCADA System Improvements (RSA Share)		\$ 300,000	\$ 369,000	\$ 369,000					\$ 369,000					
64	Corp. Site Paving Improvements (RSA Share)		\$ 150,000	\$ 169,000	\$ 169,000				\$ 169,000						
65	Electrical Equipment R&R		\$ 30,000	\$ 33,000	\$ 33,000		\$ 33,000								
66	Administration Building Imprvm't/Repr'm't		\$ 1,875,000	\$ 2,232,000	\$ 2,232,000				\$ 217,000	\$ 2,015,000					
67	Unidentified or Emergency Projects		\$ 50,000	\$ 607,000	\$ 607,000		\$ 55,000	\$ 56,000	\$ 58,000	\$ 60,000	\$ 61,000	\$ 63,000	\$ 65,000	\$ 67,000	\$ 69,000
Information Technology															
68	Retail Share of Engineering Copier		\$ 16,500	\$ 17,500	\$ 17,500										
69	Replace Engineering Plotter/Scanner		\$ 10,000	\$ 11,000	\$ 11,000										
70	New Servers		\$ 12,500	\$ 30,000	\$ 30,000		\$ 14,000		\$ 9,000				\$ 16,000		
71	New Switches		\$ 8,000	\$ 9,000	\$ 9,000				\$ 9,000						
72	Baracuda Backup Appliance		\$ 7,250	\$ 8,000	\$ 8,000		\$ 8,000								
73	New Appliances		\$ 5,000	\$ 13,000	\$ 13,000		\$ 6,000								\$ 7,000
74	WaterSmart Program		\$ 55,000	\$ 131,000	\$ 131,000		\$ 6,000								\$ 76,000
75	Tyler Billing Module		\$ 126,900	\$ 126,900	\$ 126,900										
Capital Improvement Program Totals 1			\$51,467,350	\$49,726,200	\$ 5,061,300	\$ 4,820,400	\$ 1,956,000	\$ 2,053,000	\$ 5,095,000	\$ 11,776,000	\$ 2,787,000	\$ 5,202,000	\$ 4,223,500	\$ 4,248,000	\$ 4,502,000

Notes:

- All estimated costs are shown in Feb 2014 dollars, ENR Index 9681.
- Total costs include construction inflation factors applied in year of project implementation.
- The timing and approach to replacing the Kokila Reservoir will be determine as part of the FY 15-16 condition assessment/replacement evaluation.
- Where appropriate, IT costs split between wholesale and retail.

- *New Administration Building* – An estimated cost of nearly \$4.5 million (in future dollars) for a new administration building is included in financial plan analyses, and equally split between the wholesale and retail capital improvement programs, with construction in FY 20-21. Financial plan analyses indicate that this project can be funded at that time on a pay-as-you-go basis from available capital program revenues and reserves. Prior to completion of a new building the financial plan assumes the District will add temporary trailers to provide additional space from FY 17-18 through FY 20-21.
- *PERS UAL Obligations* – Based on the most recent actuarial analysis (completed in 2015) the District has a total estimated unfunded accrued liability (UAL) associated with its retirement programs of about \$5.477 million. The wholesale water system is responsible for about \$2.3 million of this amount; \$3.177 million is the responsibility of the retail water system. Interest accrues on the UAL at a rate of 7.5 percent annually, which is significantly greater than the 0.5 percent the District earns of its investments. The current practice of holding reserves while this liability grows is economically inefficient and costly to the District. Financial plan analyses suggest it is possible for the retail water system to pay off 75 percent of its UAL obligation from existing reserves. This will result in net annual cost savings to the District. The financial plan assumes that \$2,387,000 (75 percent) of the retail portion of the current UAL will be paid off with funds from the following retail reserves:
 - PERS stabilization reserve \$411,000
 - Kokila reservoir reserve \$393,000
 - General CIP reserve \$1,583,000

While the District has been gradually accumulating the Kokila reservoir reserve to help fund major improvements to that facility in a few years, it will only provide a modest amount toward the total cost, and the District will be required to fund most of the project in new long-term debt. It is economically more efficient to use the available reserve funds to pay off the UAL than to hold it for the Kokila reservoir project. The District’s Board of Directors generally supported this use of funds during the workshop held on June 29.

FINANCIAL PLAN RESULTS

Details of the financial plan analyses are presented in **Exhibits II-4, II-5, and II-6** reflecting the retail operating fund, capital fund, and debt service fund, respectively. The financial plan is also presented graphically in **Exhibit II-7**. The colored bands in Exhibit II-7 show retail operating and maintenance costs, debt service payments, and pay-as-you-go capital program expenditures. Debt-financed capital expenditures are not reflected, although the associated debt service is. The dashed line in the exhibit show minimum target reserves, and the solid black line shows estimated total year-end reserves. The financial plan analysis seeks to keep the solid line above the dashed line throughout the planning period.

Results of the financial plan analyses are summarized below.

- The recent multi-year drought has created financial stress for the retail water system resulting in a significant decline in total financial reserves over the past two years.
- Current retail water rate revenues are insufficient to fully cover ongoing operating and maintenance costs and debt service payment obligations. As a result, a portion of capital fund revenues and reserves are being used for operating purposes. The current net operating loss and existing capital program revenues do not adequately support the capital improvement program. Because of the costs and timing of planned projects, the District will need to issue new long-term debt. It is not practical to avoid new debt unless the Kokila reservoir cover replacement project is postponed for a significant period of time.
- The pace and extent of rebound in retail water demand is uncertain and will have an impact on annual water rate revenues. The rebound trajectory has been reviewed with staff and is believed reasonable. Nevertheless it is an area of potential financial risk, which should be monitored.
- The District is meeting debt service coverage obligations, and is expected to continue to meet this requirement throughout the planning period even with new debt issued in 2019.
- In 2016, the District's financial advisors suggested that refunding of the 2009 COPs is possible at this time (with certain pre-payment penalty associated costs), but that it may be more advantageous to refund the COPs in 2018 when the pre-payment penalties no longer apply. Because future market conditions cannot be known, financial plan analyses do not reflect any cost savings associated with refunded COPs. The District should closely monitor interest rate trends and consider the refunding of the 2009 COPs at an opportune time.
- The compensated absence reserve does not need to be maintained as a separate reserve, as it is unlikely that it would ever need to be paid out in lump sum. It would be advantageous to the District to eliminate this reserve. Money currently designated to this reserve could be used to help reduce the magnitude of the needed water rate increase for 2017. District staff supports this change, and it has been incorporated in the financial plan analyses.
- Maintaining the PERS stabilization reserve, the Kokila reservoir reserve, and the full amount of the general CIP reserve while the entire \$3.177 million PERS UAL remains outstanding is economically inefficient and results in unnecessary interest costs to the District. The District should pay off 75 percent of this obligation using available reserves, as summarized previously.
- Retail water rate increases are required over the next several years in order to meet current and future financial and service obligations, as well as to position the District for issuing new long-term debt in 2019. Estimated annual increases in the overall level of retail water rates for each year (beginning in 2017) of the ten-year planning period are 8 percent, 9 percent, 9 percent, 9 percent, 6 percent, 4 percent, 4 percent, 4 percent, 4 percent, and 4 percent, respectively.

Exhibit II-4
San Juan Water District
Retail Financial Plan -- Operating Fund

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Calendar Year Retail Rate Increases -->		8%	9%	9%	9%	6%	4%	4%	4%	4%	4%
RETAIL OPERATIONS											
Beginning Balance	2,624,300	2,859,301	2,213,701	2,421,601	2,506,301	2,930,301	3,790,401	4,076,101	4,069,601	4,056,101	4,052,701
Sources of Funds											
Daily Base Charge Revenue	4,851,000	5,603,000	6,468,000	7,485,000	8,608,000	9,652,000	10,450,000	11,155,000	11,897,000	12,679,000	13,500,000
Usage Charge Revenue	3,488,000	4,143,000	4,751,000	5,070,000	5,382,000	5,615,000	5,728,000	5,843,000	5,959,000	6,075,000	6,145,000
Fire Service Fees	26,800	30,800	33,000	36,000	39,000	41,000	43,000	45,000	47,000	49,000	51,000
Hinkle PS Surcharge	53,300	76,000	99,000	111,000	124,000	134,000	139,000	145,000	151,000	157,000	163,000
Grant Revenue (RWA)	26,500	-	-	-	-	-	-	-	-	-	-
Other Operating Revenue	103,000	50,200	52,000	54,000	56,000	58,000	60,000	62,000	64,000	66,000	68,000
CFC Storage Bldg. Reimb.	133,000	133,000	-	-	-	-	-	-	-	-	-
Interest Earnings	4,000	15,100	11,100	12,100	12,500	22,000	28,400	30,600	40,700	40,600	40,500
Total Sources of Funds	8,552,600	10,051,100	11,414,100	12,768,100	14,221,500	15,522,000	16,448,400	17,280,600	18,158,700	19,066,600	19,967,500
Uses of Funds											
Source of Supply	2,055,600	2,552,800	2,974,800	3,298,800	3,668,000	3,973,000	4,241,500	4,588,600	4,963,800	5,317,900	5,479,100
Capital Facilities Charge	475,900	426,600	230,600	34,600	34,600	17,300	-	-	-	-	-
Field Services	2,927,800	3,152,600	3,247,000	3,344,000	3,444,000	3,547,000	3,653,000	3,763,000	3,876,000	3,992,000	4,112,000
Energy Costs	221,000	199,800	241,000	290,000	349,000	420,000	506,000	609,000	733,000	883,000	1,063,000
Executive & Board of Directors	236,100	296,200	305,000	314,000	323,000	333,000	343,000	353,000	364,000	375,000	386,000
Administration & Info. Tech.	452,800	742,200	806,000	830,000	855,000	881,000	907,000	934,000	962,000	991,000	1,021,000
Customer Service	635,800	723,700	838,000	863,000	889,000	916,000	943,000	971,000	1,000,000	1,030,000	1,061,000
Finance	420,000	389,800	401,000	413,000	425,000	438,000	451,000	465,000	479,000	493,000	508,000
Human Resources	104,900	105,200	205,000	211,000	211,000	224,000	231,000	238,000	245,000	252,000	260,000
Retiree Medical and OPEB	310,000	291,500	309,000	327,500	347,200	368,000	390,100	413,500	438,300	464,600	492,400
PERS UAL Req'd Payment	161,700	195,100	41,000	76,000	113,000	127,000	144,000	163,000	184,000	206,000	229,000
PERS UAL Reduction	2,387,000	-	-	-	-	-	-	-	-	-	-
Engineering	325,300	378,200	390,000	402,000	414,000	426,000	439,000	452,000	466,000	480,000	494,000
Master Plan, Studies, Etc.	-	-	175,000	566,500	-	-	-	-	-	-	-
Conservation & Outreach	795,300	658,100	678,000	698,000	719,000	741,000	763,000	786,000	810,000	834,000	859,000
Transfers for Debt Service	-	-	-	-	-	-	-	-	-	-	-
2009 COP DS Transfer	756,900	757,100	758,000	758,400	758,000	756,600	756,500	757,100	757,000	757,900	757,500
2012 Bond DS Transfer	258,400	257,600	256,800	256,600	256,700	258,000	257,600	256,900	257,100	257,600	257,900
2019 New Debt DS Transfer	-	-	-	-	735,000	736,000	737,000	737,000	737,000	736,000	735,000
EDA Loan Payment	30,100	29,200	-	-	-	-	-	-	-	-	-
Transfer to Capital Fund	(1,850,000)	(2,846,000)	(650,000)	-	250,000	500,000	1,400,000	1,800,000	1,900,000	2,000,000	2,000,000
Total Uses of Funds	8,317,600	10,696,700	11,206,200	12,683,400	13,797,500	14,661,900	16,162,700	17,287,100	18,172,200	19,070,000	19,714,900
Ending Balance	2,859,301	2,213,701	2,421,601	2,506,301	2,930,301	3,790,401	4,076,101	4,069,601	4,056,101	4,052,701	4,305,301
Operating Reserve (20%)	1,997,355	2,168,000	2,334,000	2,360,000	2,482,000	2,602,000	2,747,000	2,904,000	3,064,000	3,193,000	3,328,000
Comp. Absence Reserve	347,915	-	-	-	-	-	-	-	-	-	-
PERS Stabilization Reserve	410,806	-	-	-	-	-	-	-	-	-	-
Customer Deposits	47,090	47,090	47,090	47,090	47,090	47,090	47,090	47,090	47,090	47,090	47,090
Retail EDA Loan Reserve	30,000	-	-	-	-	-	-	-	-	-	-
Uncommitted Fund Balance	26,135	(1,389)	40,511	99,211	401,211	1,141,311	1,282,011	1,118,511	945,011	812,611	930,211

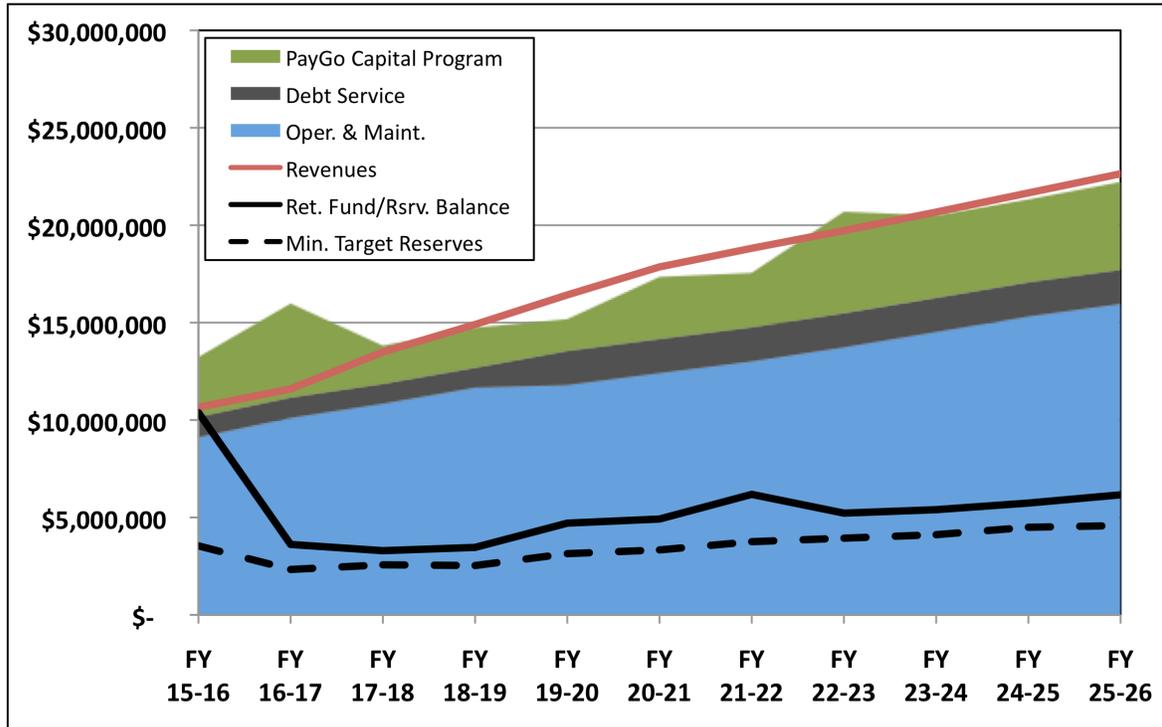
Exhibit II-5
San Juan Water District
Retail Financial Plan -- Capital Fund

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
RETAIL CAPITAL PROGRAM FUNDING											
Beginning Balance	10,331,773	7,521,573	1,400,973	872,973	956,373	10,070,173	1,128,673	2,109,173	1,151,973	1,342,973	1,686,373
Sources of Funds											
Property Taxes (50% of 1% Incr.)	(1,850,000)	(2,846,000)	(650,000)	-	250,000	500,000	1,400,000	1,800,000	1,900,000	2,000,000	2,000,000
Retail Connection Fees	1,000,000	1,050,000	1,082,000	1,114,000	1,147,000	1,181,000	1,216,000	1,252,000	1,290,000	1,329,000	1,369,000
Grant Rev. (Barton Rd. Intertie)	410,000	450,000	989,000	1,018,000	1,049,000	1,080,000	1,143,000	1,177,000	1,213,000	1,249,000	1,287,000
Interest Earnings	19,800	45,800	7,000	4,400	4,800	75,500	8,500	15,800	11,500	13,400	16,900
Debt Proceeds					11,758,000						
Total Sources of Funds	251,100	(1,300,200)	1,428,000	2,136,400	14,208,800	2,836,500	3,767,500	4,244,800	4,414,500	4,591,400	4,672,900
Uses of Funds											
Engineering Dept. Equipment	-	-	17,000	-	-	-	-	-	21,000	-	-
Vehicle/Equip. Replac.	111,000	349,000	78,000	212,000	163,000	78,000	123,000	127,000	130,000	149,000	197,000
Distribution Mainline Replac.	869,800	2,356,000	1,269,000	951,000	396,000	461,000	2,234,000	2,217,000	3,979,000	4,032,000	4,153,000
Transmission Pipelines	678,000	-	-	169,000	3,119,000	-	-	2,787,000	-	-	-
Storage Tanks	7,500	781,000	22,000	-	-	119,000	-	-	-	-	-
Kokila Reservoir Projects	-	-	-	-	927,000	8,597,000	-	-	-	-	-
Pressure Reducing Stations	-	1,044,000	164,000	-	-	-	-	-	-	-	-
Pump Stations	-	74,000	230,000	307,000	177,000	448,000	-	-	-	-	-
Miscellaneous CIP Items	75,000	53,000	176,000	394,000	304,000	2,075,000	430,000	71,000	77,500	67,000	69,000
Information Technology	55,000	163,400	-	20,000	9,000	-	-	-	16,000	-	83,000
Total Uses of Funds	3,061,300	4,820,400	1,956,000	2,053,000	5,095,000	11,778,000	2,787,000	5,202,000	4,223,500	4,248,000	4,502,000
Ending Balance	7,521,573	1,400,973	872,973	956,373	10,070,173	1,128,673	2,109,173	1,151,973	1,342,973	1,686,373	1,857,273
General CIP Reserve	6,813,959	1,284,973	684,973	830,373	1,165,173	443,673	1,147,173	166,973	337,973	430,373	648,273
Vehicle/Equip. Reserve	315,000	116,000	188,000	126,000	113,000	185,000	212,000	235,000	255,000	256,000	209,000
Kokila Reserve	392,614	-	-	-	-	-	-	-	-	-	-
CIP Emergency Reserve	-	-	-	-	500,000	500,000	750,000	750,000	750,000	1,000,000	1,000,000
Project Fund (Debt Proceeds)	-	-	-	-	8,292,000	-	-	-	-	-	-

Exhibit II-6
San Juan Water District
Retail Financial Plan -- Debt Service Fund

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
DEBT SERVICE FUND											
Beginning Balance	1,033,037	1,036,037	1,035,937	1,772,937	1,773,037	1,773,237	1,773,237	1,773,137	1,773,237	1,773,237	1,773,437
Sources of Funds											
Transfer from Operations											
2009 COPs	756,900	757,100	758,000	758,400	758,000	756,600	756,500	757,100	757,000	757,900	757,500
2012 Refunding Rev. Bond	258,400	257,600	256,800	256,600	256,700	258,000	257,600	256,900	257,100	257,600	257,900
2019 New Debt Issue	-	-	-	-	735,000	736,000	737,000	737,000	737,000	736,000	735,000
Folsom 2012 Direct Portion Pmt	89,100	85,800	85,600	85,600	85,800	86,000	85,800	85,700	85,800	86,000	85,800
Total Sources of Funds	1,104,400	1,100,500	1,100,400	1,100,600	1,835,500	1,836,600	1,836,900	1,836,700	1,836,900	1,837,500	1,836,200
Uses of Funds											
2009 Certificate of Participation											
Principal Payment	154,800	162,000	171,000	180,000	189,000	198,000	208,800	221,400	234,000	248,400	261,000
Interest Payment	602,100	595,100	587,000	578,400	569,000	558,600	547,700	535,700	523,000	509,500	496,500
2012 Refunding Rev. Bond (Incl. Folsom Direct)											
Principal Payment	154,800	158,400	163,600	170,700	176,000	186,500	195,300	204,100	214,700	221,700	228,700
Interest Payment	189,700	185,100	178,800	171,400	166,300	157,500	148,200	138,400	128,200	121,700	115,100
2019 New Debt Issue											
Principal Payment					225,000	235,000	245,000	255,000	265,000	275,000	285,000
Interest Payment					510,000	501,000	492,000	482,000	472,000	461,000	450,000
Total Uses of Funds	1,101,400	1,100,600	1,100,400	1,100,500	1,835,300	1,836,600	1,837,000	1,836,600	1,836,900	1,837,300	1,836,300
Ending Balance	1,033,037	1,035,937	1,772,937	1,773,037	1,773,237	1,773,237	1,773,137	1,773,237	1,773,237	1,773,437	1,773,337
Retail 2009 DS Reserve	1,033,037	1,033,037	1,033,037	1,033,037	1,033,037	1,033,037	1,033,037	1,033,037	1,033,037	1,033,037	1,033,037
Retail 2019 DS Reserve			737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000

Exhibit II-7
San Juan Water District
Retail Financial Plan Summary



- These annual water rate increases will enable the District to maintain overall reserve levels above minimum target levels throughout the planning period. In addition, the retail financial plan provides for gradual funding of the emergency CIP reserve to a level of \$1 million by the end of the ten-year planning period. Alternatively, the District might consider consolidating the emergency CIP reserve with the general CIP reserve.

The next section of this report includes recommendations for modifying retail water rates including increasing the emphasis on fixed daily base charge revenue and gradually reducing the portion of revenue for water usage charges. This change would help reduce the financial risk associated with variable and uncertain water demands.

At this point in time, it is recommended that the District adopt a five-year retail water rate plan with new rates implemented beginning in May 2017 and continuing each January through 2021. It is also recommended that the District re-evaluate its financial condition and update the financial plan prior to issuing new long-term debt.

As with past practice, the District should monitor financial conditions and needs on an ongoing (annual) basis and update the financial plan model if conditions or plans change sufficiently to warrant an update. Actual future conditions, such as water demand, water sales revenue, operating and maintenance expenses, CIP project costs/timing, project financing, etc., may differ from the financial plan assumptions reflected herein. Material differences affecting the overall financial condition of the retail water system may warrant closer review and/or an earlier update. The need for and magnitude of annual retail water rate increases may also be affected by differences between assumed and actual conditions.

SECTION III. RETAIL WATER RATES

This section of the report describes retail water rate calculations for 2017, and presents a proposed five-year rate plan, including rate schedules through 2021. The water rates include fixed daily base charges and a uniform water usage rate. The proposed retail water rates were developed based on (1) sound cost of service principles, (2) a balancing of rate setting objectives, and (3) revenue needs for the retail water system, as determined from the financial plan.

CURRENT WATER RATES

Exhibit III-1 summarizes the current water rates for the District’s retail water system. The current water rates have been effective since January 1, 2016, when the District implemented a 15 percent adjustment to the level of the water rates. A temporary 10 percent surcharge on the water usage rate was rescinded in early 2016, as state-mandated water conservation requirements were lifted.

For general water service, the water rates include both fixed daily base charges and a uniform water usage rate. The daily base charges vary with the size of the water meter, and are intended to recover a portion of fixed customer and capacity related costs. The water usage rate applies to all units of actual water usage by retail service customers. There are also fixed daily charges for private fire lines, and a special pumping surcharge applicable to wholesale deliveries of water to the City of Folsom.

**Exhibit III-1
San Juan Water District
Current Retail Water Rates**

	Effective Jan. 1, 2016
Daily Base Charges	
Up to 1" meter	\$ 1.24
1 1/2" meter	\$ 3.31
2" meter	\$ 5.28
3" meter	\$ 10.50
4" meter	\$ 16.36
6" meter	\$ 32.73
8" meter	\$ 58.83
Fire District	\$ 6.36
Water Usage Charge (\$/CCF)	
All water usage	\$ 0.92
Daily Private Fire Line Charges	
4" meter	\$ 0.5265
6" meter	\$ 0.7777
8" meter	\$ 1.0529
10" meter	\$ 1.2563
Hinkle PS Pumping Surcharge (\$/AF)	
Wholesale deliveries to City of Folsom	\$ 68.87

The District bills customers for water service on a bi-monthly basis. Therefore, the daily base charge of \$1.24 for a 1" water meter equates to \$74.40 for a 60-day billing cycle. Water use in the past few years has varied due to drought-related water use restrictions. Average residential water use in 2014 was about 65 CCF bi-monthly (about 825 gpd) and about 51 CCF bi-monthly (about 625 CCF) in 2015. Residential water use in 2016 is estimated to partially rebound with an average bi-monthly water use of about 60 CCF (about 750 gpd). This rebound in consumption remains well below pre-drought levels.

In FY 15-16, with restricted water usage, about 41 percent of water rate revenue was generated from water usage charges and about 59 percent from fixed base charges. Under normal water demands about 38.5 percent of water rate revenue can come from water usage charges. Analyses performed in 2012 as part of the District's compliance with water conservation best management practices indicated that at least 29 percent of water rate revenue should be generated from water usage charges to meet requirements of the California Urban Water Conservation Council's (CUWCC) Best Management Practice (BMP) 1.4 regarding water conservation pricing. The District's current water rates exceed this threshold, and therefore the District meets the BMP requirements. However, the District has also become increasingly concerned about the mismatch between variable costs and variable revenues. As a result, proposed water rates presented in this report include a gradually shift to an increased focus on stable fixed charge revenues and away from variable usage-based rate revenue.

As of December 2015, the District's retail water system was comprised of 10,105 single family residential accounts and 477 multi-family and non-residential accounts. In 2015, single family customers used about 3,086,000 CCF (7,084 AF) of water, and multi-family and non-residential accounts used about 479,000 CCF (1,101 AF) of water. Water use in 2016 has been estimated to increase about 13 percent (as a partial rebound in demand), to about 3,497,000 CCF of single family residential water use and about 543,000 CCF of multi-family and non-residential water use.

While the District's residential water use is unusually high for residential areas, the reason is largely due to large parcel sizes typical of the area, as well as land use decisions and community values that are largely outside of the District's direct control. While most suburban communities have lot sizes typically below 10,000 sq. ft., the District's retail service area has a significant number of low density (10,000 sq. ft. to 1 acre) and rural estate (over 1 acre) developments.

WATER RATE CALCULATIONS

Water rates are determined in a three-step process. The first is to determine the annual water rate revenue requirement. The second step is cost of service analysis and the allocation of costs to various customer categories. The third step is water rate design. Each step is address separately below.

Water Rate Revenue Requirements

The retail financial plan includes revenues and expenses for each fiscal year over the ten-year planning period. The District, however, adjusts water rates on a calendar year basis. As a result the financial and rate analyses necessarily involve certain translations

back and forth between fiscal and calendar years. On this basis, the annual water rate revenue requirement for 2017 was determined to be \$9,734,000 for the calculations of water rates. This revenue requirement reflects an 8 percent increase in the overall level of water rates. That is, \$9,734,000 is 8 percent more than the annual water rate revenues as determined based on the current 2016 water rates, estimated water usage for 2016, and the customer base as of December 2015. The revenue requirement for rate calculations reflects a customer base of about 10,582 accounts, and annual water sales of about 4,159,000 CCF (9,548 AF). Actual water rate revenue for 2017 will also be affected by (1) a continued rebound in water demand in the post-drought environment, and (2) modest growth in the customer base.

Water rate calculations contained herein are intended to generate the revenue requirement from rate revenues paid by the District's retail water service customers. The manner in which each retail customer is responsible for the District's costs for operation, maintenance, and replacement is the subject of the cost of service analysis and the cost allocations to each customer.

Cost of Service Analysis

Once the annual water rate revenue requirement has been determined, the next step in the rate setting process is to allocate costs to components for customer, capacity, and commodity costs.

The District incurs certain types of costs associated with making water service available to customers. Other costs are incurred as a direct result of customer water usage. A cost of service analysis is intended to proportionately allocate the costs of providing water service to customers in relation to each customer's water service requirements. There are many approaches to cost of service analysis; some are more complex than others. The approach used herein is the same as that developed in past rate studies for the District.

The cost allocation methodology assigns all costs to one of three different categories. The cost allocation process is performed at the highest level of detail available in the District's budget document. The three cost categories include:

- *Customer Costs* – Customer costs, such as meter reading and billing costs, are fixed costs that tend to vary as a function of the number of customers being served. Customer costs are allocated to customers based on the number of accounts. That is, every customer will pay an equal share of customer-related costs.
- *Capacity Costs* – Capacity costs are also fixed costs; however, these tend to vary in relation to the capacity of the water system. Customers that can place greater or lesser burdens on the capacity of the water system should bear a greater or lesser share of these costs. The sizing of the water system is based on the potential demand that each customer could place on the water system. Capacity costs are allocated to customers in proportion to the hydraulic capacity (as determined by meter size) of each water connection. The hydraulic capacity reflects the potential demand that a customer could place on the water system at any given time. A customer with a larger water meter is assigned a

larger share of fixed capacity-related costs. Capacity costs include fixed costs associated with operating and maintaining the water system, as well as debt service, capital outlay items, and other items related to system capacity.

- *Commodity Costs* – Commodity costs include variable costs that tend to vary with the amount of actual water usage. Examples include water supply costs, energy for pumping, and chemicals for water treatment. Commodity costs can also include a portion of fixed costs that are reasonably allocated to customers on the basis of actual water usage. For example, water conservation program costs are generally considered fixed; however, it is reasonable to recover water conservation costs on the basis of water usage.

Professional judgment and discretion in how costs are assigned to each cost category provides some flexibility in meeting the various rate-setting objectives. For example, shifting costs to the commodity category has the benefit of providing a more conservation-oriented rate structure, whereas shifting costs to the fixed base charges aids in revenue stability.

Current water rates generate about 41 percent of water rate revenue from usage charges and about 59 percent from base charges (based on FY 15-16 water usage characteristics). Drought related water use restrictions resulted in a reduction in water usage as well as a reduction in water sales revenue. The decline in water sales revenue exceeded the decline in water system costs, and this contributed to financial stress for the District. As a result, this water rate study includes gradually modifying the water rate structure to better align fixed and variable costs with fixed and variable revenues. While this shift is counter to a water conservation objective, it is consistent with a financial stability objective.

Using FY 16-17 budget and financial plan information, the cost allocation process resulted in 2.7 percent of costs being allocated to the customer cost category, 58.1 percent to the capacity cost category, and 39.2 percent to the commodity cost category. This represents a modest shift toward fixed base charge revenue and away from variable water usage revenue, and is consistent with the District's objective of increasing revenue stability.

Water Rate Design

The third step in the rate-setting process is water rate design. In 2015 the District modified its residential water rates to eliminate the 3-tier water usage rate structure and replace it with a uniform water usage rate. The current uniform water usage rate will be maintained for all customers. The only change incorporated in this study is to gradually shift the rate structure emphasis away from the variable usage charge to the fixed base charges. This is accomplished over a five-year period by holding the usage rate constant and increasing the base charges to meet revenue needs.

Exhibit III-2 presents retail water rate calculations for 2017. It reflects the revenue requirement, cost allocation, and rate structure shift described above.

**Exhibit III-2
San Juan Water District
2017 Retail Water Rate Calculations (1)**

	Meter Size						Total	Est. CY 2016 Water Use (CCF)	
	1"	1 1/2"	2"	3"	4"	6"			8"
No. of Accounts									
Single Family Resid.	10,091	10	4				10,105	3,599,700	
Multi-Fam. & Non-Resid.	209	99	140	27	2		477	559,300	
Total Accounts	10,300	109	144	27	2	-	10,582	4,159,000	
Hydr. Cap. Factor	0.75	2.0	3.2	6.0	10.0	20.0	32.0		
1" Equiv. Mtrs.	7,725	218	461	162	20	-	8,586		
Daily Base Charges									
Customer Cost	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	
Capacity Costs	\$ 1.35	\$ 3.61	\$ 5.78	\$ 10.83	\$ 18.06	\$ 36.12	\$ 57.79		
Daily Base Charge	\$ 1.42	\$ 3.68	\$ 5.85	\$ 10.90	\$ 18.12	\$ 36.18	\$ 57.85		
Ann. Rev. (\$1,000s)	\$ 5,343	\$ 146	\$ 307	\$ 107	\$ 13	\$ -	\$ -	\$ 5,917	
Water Rate Revenue Requirement									
Customer Costs	\$	258,000	2.7%						
Capacity Costs	\$	5,659,000	58.1%						
Commodity Costs	\$	3,817,000	39.2%						
Total Rev. Reqmt.	\$	9,734,000							
Water Use Rate (\$/CCF)									
							Rate	Usage	
							\$ 0.92	3,599,700	
							\$ 0.92	559,300	
								4,159,000	
								\$ 3,303,692	
								\$ 513,308	
								\$ 3,817,000	

Notes:

(1) Water rate calculations are based on the customer base as of December 2015 and estimated CY 2016 water usage. Actual rate revenue in 2017 will be higher due to demand rebound and growth in the customer base. This higher revenue has been reflected in the revenue estimates contained in the financial plan model.

PROPOSED RETAIL WATER RATES FOR 2017 THROUGH 2021

Exhibit III-3 presents a complete five-year rate plan, including water rate schedules for each of the next five years. The proposed water rate schedules also include two additional elements of the retail water rates. Daily private fire line charges are fixed charges applicable to private fire service connections. These are standby services that are generally only used for fire suppression purposes. The charges are intended to reflect the estimated cost of maintaining these standby service connections, and associated capacity. The rate schedule also includes a pumping surcharge applicable to wholesale water deliveries to the City of Folsom. This is a separate charge than the District's wholesale water rates, and reflects the estimated costs of pumping water through the District's distribution system to the City, including other operating and maintenance costs of pumping facilities.

Prior water rate analyses demonstrated the District's compliance with the California Urban Water Conservation Council's (CUWCC) Best Management Practice (BMP) for conservation pricing (BMP 1.4). That analysis determined that at least 29 percent of the District's water rate revenues be recovered through water usage charges. With the change in the District's water rate structure, and updated financial plan analysis, it is recommended that the District consider updating the BMP 1.4 compliance analysis.

By holding the water usage rate constant, the only changes in customer water bills will be the increase in the fixed daily base charge. The proposed water rates for 2017 include a \$0.18 increase in the daily base charge for a 1" water meter (typical of a residential home). There will be no change in the cost to customers in relation to the water usage charge, as the water usage rate will remain unchanged.

**Exhibit III-3
San Juan Water District
Current and Proposed Retail Water Rates**

	Current	Jan. 2017	Jan. 2018	Jan. 2019	Jan. 2020	Jan. 2021
Overall Water Rate Increase -->		8%	9%	9%	9%	6%
Daily Base Charges						
Up to 1" meter	\$ 1.24	\$ 1.42	\$ 1.63	\$ 1.86	\$ 2.11	\$ 2.29
1 1/2" meter	\$ 3.31	\$ 3.68	\$ 4.22	\$ 4.81	\$ 5.46	\$ 5.93
2" meter	\$ 5.28	\$ 5.85	\$ 6.72	\$ 7.66	\$ 8.69	\$ 9.44
3" meter	\$ 10.50	\$ 10.90	\$ 12.51	\$ 14.27	\$ 16.19	\$ 17.58
4" meter	\$ 16.36	\$ 18.12	\$ 20.80	\$ 23.72	\$ 26.91	\$ 29.23
6" meter	\$ 32.73	\$ 36.18	\$ 41.54	\$ 47.38	\$ 53.74	\$ 58.36
8" meter	\$ 58.83	\$ 57.85	\$ 66.42	\$ 75.76	\$ 85.94	\$ 93.34
Fire District	\$ 6.36	\$ 7.28	\$ 8.36	\$ 9.54	\$ 10.82	\$ 11.75
Water Usage Charge (\$/CCF)						
All water usage	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92
Daily Private Fire Line Charges						
4" meter	\$ 0.53	\$ 0.57	\$ 0.62	\$ 0.68	\$ 0.74	\$ 0.78
6" meter	\$ 0.78	\$ 0.84	\$ 0.92	\$ 1.00	\$ 1.09	\$ 1.16
8" meter	\$ 1.05	\$ 1.14	\$ 1.24	\$ 1.35	\$ 1.47	\$ 1.56
10" meter	\$ 1.26	\$ 1.36	\$ 1.48	\$ 1.61	\$ 1.75	\$ 1.86
Hinkle PS Pumping Surcharge (\$/AF)						
Wholesale deliveries to City of Folsom	\$ 68.87	\$ 74.38	\$ 81.07	\$ 88.37	\$ 96.32	\$ 102.10
Typical Monthly Residential Bill (@ 30 CCF/mo.)	\$ 64.80	\$ 70.20	\$ 76.50	\$ 83.40	\$ 90.90	\$ 96.30
		\$ 5.40	\$ 6.30	\$ 6.90	\$ 7.50	\$ 5.40
		8.3%	9.0%	9.0%	9.0%	5.9%

Each year of the five-year rate plan includes adjustments to the base charges while maintaining the water usage rate. As a result, over time a larger percentage of revenue will come from base charges, rather than usage charges. This is true even as water demands rebound toward pre-drought levels. By FY 20-21 it is estimated that 37 percent of water rate revenue will be derived from usage changes, and if this method of adjusting water rates continues through FY 25-26 then usage-based revenue will decline to an estimated 31 percent of total rate revenue.

RESOLUTION NO. 17-10

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING A FIVE YEAR SCHEDULE OF RETAIL WATER RATES**

WHEREAS, the Board has received and considered the Retail Financial Plan and Water Rate Update Study prepared by The Reed Group, Inc., dated January 26, 2017 (the "Rate Study");

WHEREAS, the Rate Study presents the District's revenue needs to fund retail water service, a financial plan for funding those revenue needs, and an alternative rate structure for ensuring that the District's retail water rates and charges are sufficient to meet revenue needs for the next five fiscal years, as further discussed in that study;

WHEREAS, as discussed in the Rate Study, the District's existing retail water service rates, consisting of a daily base charge, water usage charges, and, if applicable, a daily private fire line charge ("Retail Rates"), are insufficient to pay the operating expenses of the District's retail water utility operations, to provide for repairs and replacement of water system works, to pay the principal and interest (including meeting the contractual debt coverage ratio requirements) on water system indebtedness, and to provide additional revenues for continuing capital improvements to the retail water supply system at a sustainable pace;

WHEREAS, the Rate Study identified the need for, and benefits of, implementing increases to the District's Retail Rates so that its property owners and water users ("Customers") will pay their full proportionate share of all costs necessary to provide water service to their parcels;

WHEREAS, the Rate Study demonstrates that the revenues derived from the proposed increases in the Retail Rates will not exceed the funds required to provide water service to the affected parcels;

WHEREAS, the proposed adjustments to the District's Retail Rates will help ensure that the District's financial and water service obligations can be met with reduced risk and uncertainty, and as a result of the proposed adjustments to the Retail Rate structure, Customers will benefit from improved District financial stability and certainty, thereby providing for more reliable water service;

WHEREAS, the proposed increases in the Retail Rates described in the Rate Study are subject to Proposition 218's notice and hearing requirements provided in Article XIII D, section 6 of the California Constitution;

WHEREAS, as set forth in the Rate Study, the amount of the proposed Retail Rates imposed on any one affected parcel will not exceed the proportional cost of the

water service attributable to the parcel in compliance with California law, including section 6(b)(3) of Article XIII D of the California Constitution and *Griffith v. Pajaro Valley Water Management Agency* ((2013) 220 Cal.App.4th 586, 601) and other relevant law;

WHEREAS, the District has complied with Proposition 218's requirements by: (1) providing timely mailed notice of the public hearing to Customers; (2) holding several public meetings at which staff and the Reed Group explained the District's finances and the need to possibly increase the Retail Rates in an amount up to 48 percent above existing rates over the upcoming five year period; (3) receiving protests and comments on the proposed increases; (4) making the Rate Study and supporting materials available for public inspection and review for at least 45 days prior to the Board's public hearing on this matter; and (5) providing Customers with assistance in determining the impact on their parcel of the proposed increases;

WHEREAS, the District held the noticed public hearing required by Proposition 218 on March 29, 2017, at which the Board received protests and written and oral comments from Customers concerning the proposed adjustment of Retail Rates;

WHEREAS, Article XIII D, section 6 of the California Constitution states, "If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge", and, based on the District's 10,609 retail connections, 5,305 written protests were needed to prohibit the fee proposed Retail Rate increase but the District received only a total of 196 protests; and

WHEREAS, in addition to the proposed schedule of Retail Rate increases for 2017 through 2021 set forth in Exhibit III-3 on page 26 of the Rate Study and in the table on page 2 of the Proposition 218 notice mailed to all Customers, staff, at the request of the Board's Finance Committee during its March 7, 2017 public meeting, developed a second rate schedule that would increase rates by a *lesser* amount in certain years than originally proposed, and the District published the originally proposed Retail Rate schedule as Retail Rate Plan A and the revised schedule with lower increases as Retail Rate Plan B prior to the March 29, 2017 public hearing and presented and explained the two rate plans at that hearing.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Juan Water District as follows:

1. The above recitals are hereby made findings of the District Board of Directors and are incorporated herein.
2. The Board of Directors has reviewed and considered the Rate Study and hereby approves and accepts it.
3. The Board of Directors has considered the public comments received and the number of valid written protests submitted by Customers, and

finds that there was not a majority protest to the District's proposed adjustment of Retail Rates.

4. The Board further finds that the increases in Retail Rates identified in the alternative rate plan schedules published prior to and presented and explained at the March 29, 2017, public hearing as "San Juan Water District Retail Water Rates - Plan A" and "San Juan Water District Retail Water Rates - Plan B", comply with the law because Plan A provides for higher rates and was published in full in the Rate Study and in the Proposition 218 notice timely mailed to all Customers and Proposition 218 permits the Board to set rates at a lesser amount than originally proposed in the mailed notice.
5. The Board also finds that the increase in Retail Rates identified in the schedule entitled "San Juan Water District Retail Water Rates – Plan B ("Plan B Rate Schedule") is the most fair and equitable retail rate plan for the 2017 through 2021 period and will ensure that Customers receiving District water service pay the District's full costs of providing that service during that period.
6. On the basis of the foregoing findings, the Board of Directors hereby approves, adopts, and imposes the Retail Rates as calculated in the Plan B Rate Schedule for calendar year 2017 (May 1 – December 31, 2017). The increase for 2017 shall become effective on May 1, 2017. The Plan B Rate Schedule is set forth in full on Exhibit A attached to and made a part of this Resolution.
7. The Board also approves and adopts the increases in the Retail Rates for calendar years 2018, 2019, 2020, and 2021 as provided in the rate schedule set forth on Exhibit A.
8. The General Manager and staff are directed to take all actions necessary to impose and collect the Retail Rates shown on Exhibit A, as the same are adopted herein, provided, however, that the Board may either: (1) permit the adopted rate increase for each subsequent year to automatically take effect on January 1 of each year for 2018, 2019, 2020 and 2021; or (2) review each subsequent year's proposed increase at least 60 days before its January 1 effective date and consider whether it is necessary to enact the increase as adopted or to adjust the increase consistent with applicable law and District financial covenants and revenue requirements. In no event shall any increase result in rates that exceed the cost of providing retail water service, including ensuring compliance with all applicable debt coverage covenants and accrual of prudent reserves.

9. The adjustments to the District's Retail Rates are, among other things, for the purpose of continuing to provide funds to meet the costs of operating, maintaining and replacing water system facilities and to provide funding for capital projects necessary or required to maintain service within the District's retail service area. The Board of Directors therefore finds that the adoption of this Resolution is exempt from application of the California Environmental Quality Act pursuant to section 21080(b)(8) of the California Public Resources Code, and authorizes the General Manager or his designee to prepare, execute and file a CEQA Notice of Exemption.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 12th day of April 2017, by the following vote:

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:

KENNETH MILLER
President, Board of Directors

ATTEST

TERI GRANT
Secretary, Board of Directors

EXHIBIT A

San Juan Water District Retail Water Rates - Plan B

	Current	May 2017	Jan. 2018	Jan. 2019	Jan. 2020	Jan. 2021
Overall Water Rate Increase ----->		8%	9%	8%	8%	6%
Daily Base Charges						
Up to 1" meter	\$ 1.24	\$ 1.42	\$ 1.63	\$ 1.83	\$ 2.05	\$ 2.23
1 1/2" meter	\$ 3.31	\$ 3.68	\$ 4.22	\$ 4.75	\$ 5.32	\$ 5.78
2" meter	\$ 5.28	\$ 5.85	\$ 6.72	\$ 7.56	\$ 8.47	\$ 9.20
3" meter	\$ 10.50	\$ 10.90	\$ 12.51	\$ 14.07	\$ 15.76	\$ 17.13
4" meter	\$ 16.36	\$ 18.12	\$ 20.80	\$ 23.40	\$ 26.21	\$ 28.48
6" meter	\$ 32.73	\$ 36.18	\$ 41.54	\$ 46.73	\$ 52.34	\$ 56.88
8" meter	\$ 58.83	\$ 57.85	\$ 66.42	\$ 74.72	\$ 83.68	\$ 90.94
Fire District	\$ 6.36	\$ 7.28	\$ 8.36	\$ 9.40	\$ 10.53	\$ 11.44
Water Usage Charge (\$/CCF)						
All water usage	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92
Daily Private Fire Line Charges						
4" meter	\$ 0.53	\$ 0.57	\$ 0.62	\$ 0.68	\$ 0.74	\$ 0.78
6" meter	\$ 0.78	\$ 0.84	\$ 0.92	\$ 1.00	\$ 1.09	\$ 1.16
8" meter	\$ 1.05	\$ 1.14	\$ 1.24	\$ 1.35	\$ 1.47	\$ 1.56
10" meter	\$ 1.26	\$ 1.36	\$ 1.48	\$ 1.61	\$ 1.75	\$ 1.86
Hinkle PS Pumping Surcharge (\$/AF)						
Wholesale deliveries to City of Folsc	\$ 68.87	\$ 74.38	\$ 81.07	\$ 88.37	\$ 96.32	\$ 102.10

STAFF REPORT

To: Board of Directors
From: Paul Helliker, General Manager
Date: April 12, 2017
Subject: AB 968 and 1654

RECOMMENDED ACTION

Staff recommends a motion to support AB 1654 (Rubio, D-San Gabriel Valley) and to support if amended AB 968 (Rubio.)

BACKGROUND

In January 2014, Governor Brown proclaimed a State of Emergency due to historic dry conditions, and subsequently issued three Executive Orders under the Statewide Drought Emergency in April 2014, April 2015, and May 2016. Under Executive Order B-37-16 ("EO"), issued in May 2016, Governor Brown directed five state agencies to develop a framework to implement various elements of the EO. In part, the EO included direction to the Department of Water Resources to work with the State Water Resources Control Board to develop, by January 10, 2017, new water use targets as part of a permanent framework that builds on existing requirements established by SB x7-7 (2009) to reduce urban water use by 20 percent by 2020, as well as additional water shortage contingency plan requirements under the Urban Water Management Planning Act.

Implementation of the final Administration framework (which, as of April 6, 2017, has not been released) will require the Legislature to act to create new authorities for State Agencies as well as new requirements for local water agencies under State law. The positions described by 114 California water suppliers and association signatories (including San Juan Water District) in a December 19, 2016 comment letter on the Water Use Target Setting and Urban Water Management Plan elements of the framework are outlined in attachment 1. While the water supplier comment letter expressed support for many of the provisions proposed by the State, there were several important areas of disagreement.

Water suppliers from throughout the state are uniting around a comprehensive approach to long-term drought preparation and water use efficiency improvements that would:

- 1. Enhance drought planning, preparation, and reporting.***
- 2. Ensure a balanced approach between the development of resilient sources of supply and continued improvements in water use efficiency.***

3. Maintain the Legislature's control over long-term water use target setting.

LEGISLATION

Representatives of the signatory agencies to the December 19 letter have been meeting since late December to develop language to implement the positions stated in that letter. The expectation has been that this language would serve as the foundation of any negotiations over legislation proposed by the Brown Administration. In light of the fact that no legislation has yet been proposed by the Administration, which appears to be planning to implement its proposal through a budget trailer bill, the water agencies moved ahead with securing an author and preparing bill language under the auspices of the ACWA State Legislative Committee.

Two bills have been introduced by Assemblywoman Blanca Rubio to implement the ACWA bill language. These bills are sponsored by the Regional Water Authority. Assemblywoman Rubio is a member of the Assembly Water Parks and Wildlife Committee, the policy committee that will first hear these bills. AB 1654 implements the water shortage contingency planning aspects of urban water management plans and AB 968 will be the vehicle for an update to the water use efficiency provisions of SB x7-7 of 2009.

Local Water Agencies' Proposal for Long-Term Drought Preparation and Water Use Efficiency Improvements

Long-Term Water Use Efficiency Target Setting

Preserve the Legislature's Authority – The Legislature must retain its control and oversight over water use target setting. Any revisions of standards or performance measures beyond the initially adopted standards must be approved by the Legislature, not implemented through ongoing regulatory authority.

Incorporate Multiple Compliance Methods for Water Use Targets – SB x7-7 (2009) established four methods that water suppliers can use to determine compliance with water use efficiency requirements. The draft Framework's proposal to impose a single method for target setting does not account for the diversity of water supply conditions and uses across the State. Additional compliance methods that are based on the proven alternatives in SB x7-7 should be maintained, including the regional compliance option.

No Impact on Water Rights – Water Code section 1011, which allows water right holders to use or transfer conserved water, must continue to apply. The new legislation should not adversely impact water supply contracts or water rights. March 29, 2017

Maintain Existing Enforcement Measures – The current sanction for failure to meet efficiency targets—ineligibility for State water grant funds—should be maintained, but not expanded.

Enhance and Incentivize Sustainable Water Management – As described in the California Water Action Plan, both water use efficiency improvements and development of additional resilient water supplies will be required to sustainably manage California's water. New laws or regulations must not result in stranded water resource assets nor discourage continued regional or local investments in these critical new water supplies.

Ensure that Any Landscape Area Data Used in Target Setting is Accurate – Consistent with the EO's call for a water use target based in part on landscape area, the State should provide validated land use data of the irrigable area at the parcel level to each water supplier in a timely manner, and defer to water suppliers that choose to utilize their own validated data sets if a supplier opts to use the landscape based compliance method. Compliance deadlines must be extended if the State fails to meet its commitment to provide necessary land use data.

Incorporate Proven Efficiency Standards into Water Use Targets – Proven efficiency standards, such as the 55 gallons per capita per day standard for indoor residential use and the appropriate Model Water Efficient Landscape Ordinance (MWELO) for irrigable areas, should be incorporated into one of the compliance options.

A stakeholder consultation process should be used to develop performance measures for commercial, industrial and institutional uses, and to develop variances for unique circumstances that cannot be fully addressed through a standardized methodology.

Account for Recycled Water – Consistent with existing law, recycled water should be excluded from calculations of water use targets and corresponding efficiency standards, as it is already a highly regulated and efficient beneficial reuse of water.

Urban Water Management Planning and Water Shortage Contingency Analyses

Enhance Existing UWMP Plan Requirements – Urban Water Management Plans should include a Water Shortage Contingency Analysis that utilizes a five-year drought planning sequence, and include a communications strategy, specific compliance and exemption procedures, monitoring and reporting protocols, and a regular review process.

Provide the State with Annual Water Supply and Demand Forecast – Water suppliers should provide State agencies with an annual supply and demand assessment to facilitate better understanding of regional hydrology and local supply conditions throughout the State. This annual assessment should include any projected shortage and actions to be taken to reduce demand or augment supply.

Provide Monthly Reporting to the State When a Shortage Occurs – Water suppliers that implement a water shortage contingency stage should report water use and demand reduction actions monthly.

Rely on Local Water Supplier Planning and Preparation for Drought – Water supplies that are documented to be available to a water supplier during drought conditions shall not be subject to state-mandated reductions in use. Any actions to conserve water in response to a shortage shall be at the discretion of a local water supplier.

San Juan Water District

RESOLUTION 17-11

Resolution In Support of the Association of California Water Agencies’ Policy Statement on Bay-Delta Flow Requirements

WHEREAS, California is facing a defining moment in water policy that will be substantially impacted by the State Water Resources Control Board’s approach to water quality objectives under the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta; and

WHEREAS, the State Water Board has the responsibility for updating the Bay-Delta Plan in a manner that establishes water quality objectives that ensure the reasonable protection of all beneficial uses of water in a way that is consistent with the coequals goals of improving water supply reliability and protecting, restoring and enhancing the Delta ecosystem and with respect to the commitments made in the California Water Action Plan; and

WHEREAS, the State Water Board staff’s current proposal, which focuses singularly on an “unimpaired flow” approach, is irreconcilable with a policy of coequal goals of improving both water supply reliability and ecosystem health; it is also inconsistent with the broader water policy objectives of the Brown Administration; and

WHEREAS, the ACWA Board of Directors has unanimously adopted a strong policy statement which calls for a better approach that can more effectively achieve ecological objectives while maintaining water supply reliability. The statement calls on the State Water Board to set aside its “unimpaired flow” approach and heed Gov. Jerry Brown’s call for negotiated agreements, which have been successful on many rivers and tributaries in California; and

WHEREAS, the ACWA statement notes that to be successful, the state’s flow policy must be consistent with the principles of collaboration, comprehensive solutions, science, functional flows, economic considerations, consistency with state policy, and leadership; and

WHEREAS, California’s local urban and agricultural water managers are united in their vision for a future that includes a vibrant California economy as well as healthy ecosystems and fish populations, and believe that vision is best achieved through a comprehensive, collaborative approaches;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the San Juan Water District hereby supports ACWA’s Policy Statement on Bay-Delta Flows and encourages the State Water Resources Control Board to embrace the approach articulated in ACWA’s policy statement.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 12th day of April 2017, by the following vote:

AYES: DIRECTORS: Costa, Miller, Rich, Tobin, Walters
NOES: DIRECTORS:
ABSENT: DIRECTORS:

ATTEST

KENNETH MILLER
President, Board of Directors
San Juan Water District

TERI GRANT
Secretary, Board of Directors



ACWA POLICY STATEMENT ON BAY-DELTA FLOW REQUIREMENTS

COLLABORATIVE APPROACH IS KEY TO CALIFORNIA'S FUTURE

California is facing a defining moment in water policy. A staff proposal under consideration by the State Water Resources Control Board presents a decision point about the future we want for California and its communities, farms, businesses and ecosystems. The State Water Board's staff proposal to base new water quality objectives on a "percentage of unimpaired flow" would have impacts that ripple far beyond water for fish.

The proposal could lead to widespread fallowing of agricultural land, undercut the state's groundwater sustainability goals, cripple implementation of the Brown Administration's California Water Action Plan, negatively affect water reliability for much of the state's population and impact access to surface water for some disadvantaged communities that do not have safe drinking water. These effects are not in the public's interest.

Local water managers overwhelmingly believe the proposal's singular focus on "unimpaired flow" is the wrong choice for the state's future. California's urban and agricultural water managers are united in their vision for a future that includes a healthy economy as well as healthy ecosystems and fish populations. That vision is best achieved through comprehensive, collaborative approaches that include "functional" flows as well as non-flow solutions that contribute real benefits to ecosystem recovery.

On behalf of its more than 430 member public agencies serving urban and agricultural customers throughout the state, the Association of California Water Agencies (ACWA) adopts the following policy statement regarding the State Water Board's proposed approach to updating the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta.

LOCAL SUCCESS STORIES

Collaborative efforts have been successful on many rivers in the Bay-Delta watershed.

Lower Yuba River: A voluntary, collaborative settlement among Yuba County Water Agency, California Department of Fish and Wildlife, National Marine Fisheries Service, PG&E and conservation groups resolved 20 years of controversy and resulted in a continuing program to improve 24 miles of salmon and steelhead habitat while protecting water rights and the needs of local communities. State Water Board members have specifically recognized the value of the agreement, which was formally implemented in 2008.

Lower American River: A broad representation of water suppliers, environmental groups, local governments and others negotiated an historic agreement that led to a flow management standard that was successfully incorporated into a 2009 biological opinion issued by the National Marine Fisheries Service.

Feather River: Six years of negotiations among water users, fisheries agencies and environmental groups yielded a comprehensive agreement that includes a habitat improvement program with specific flow and temperature requirements to accommodate spawning salmon and steelhead. The State Water Board adopted the agreement, with some modification, in 2010 as a water quality certification under the federal Clean Water Act.

CHOOSING OUR VISION FOR CALIFORNIA'S WATER FUTURE

Since 2009, state law has required water resources to be managed in a way that achieves the coequal goals of improving water supply reliability for California and protecting, restoring and enhancing the Delta ecosystem. ACWA and its public water agency members believe that policy requires a commitment from state agencies and stakeholders to advance both water supply and environmental goals together. ACWA and its members further believe that effective implementation of the coequal goals requires transparent, collaborative processes and comprehensive solutions.

In 2014, the Brown Administration released its California Water Action Plan outlining priority actions addressing water-use efficiency, groundwater sustainability, ecological restoration, Delta conveyance solutions, water storage, safe drinking water and more. Embedded in the plan is the Brown Administration's commitment that planned actions "will move California toward more sustainable water management *by providing a more reliable water supply for our farms and communities, restoring important wildlife habitat and species, and helping the state's water systems and environment become more resilient.*"

ACWA believes the policy of coequal goals and the commitment embedded in the California Water Action Plan have the potential to put California on a path that includes a vibrant agricultural and urban economy and a healthy ecosystem.

ACWA and its members believe the unimpaired flow approach proposed by State Water Board staff undercuts and threatens that potential and cannot lead us to the future we want for California. Simply put, any strategy that would result in vast amounts of agricultural land going out of production and ultimately reduce water supply reliability for the majority of Californians is irreconcilable with a policy of coequal goals and blatantly inconsistent with the water policy objectives of the Brown Administration.

ACWA strongly supports the collaborative approach called for by Governor Jerry Brown to move these important decisions out of adversarial processes and into negotiated, comprehensive agreements. The following principles can assure success in that endeavor.

A BETTER PATH TO THE FUTURE

The State Water Board is responsible for updating the Bay-Delta Plan in a manner that establishes water quality objectives that ensure the reasonable protection of all beneficial uses of water (including domestic, municipal, agricultural and industrial supply; power generation; recreation; aesthetic enjoyment; navigation; and preservation and enhancement of fish, wildlife, and other aquatic resources) while considering past, present and probable future beneficial uses, environmental characteristics, water quality conditions and economic considerations, among other things. (See California Water Code Section 13241.) It also has a responsibility to update the plan in a way that is consistent with the coequal goals and respects and implements the commitments made in the California Water Action Plan.

ACWA and its members urge the State Water Board to set aside the unimpaired flow approach and heed Governor Brown's call for negotiated agreements. ACWA believes that a successful flows policy must be consistent with the following principles:

- **Collaboration:** The governor has called for work on a comprehensive agreement on environmental flows in both the San Joaquin and Sacramento River basins. He has asked that State Water Board members and staff prioritize analysis and implementation of voluntary agreements. Further, the Brown Administration committed in the California Water Action Plan that the State Water Board and the California Natural Resources Agency will work with stakeholders to encourage negotiated implementation of protective Delta standards. ACWA strongly supports the collaborative approach called for by the governor because it is the least contentious, most effective way to achieve the coequal goals. Negotiated agreements have been demonstrably successful at achieving outcomes and widespread support for appropriate environmental flows; forced

regulations have not yielded the same track record. The State Water Board should wholly embrace this approach and allow enough time for it to work.

- **Comprehensive Solutions:** A successful collaborative approach will require comprehensive solutions for both water supply and ecosystem management. Water users will need to continue and build on their commitment to integrated resources management in order to maintain reliability without undue impacts on the ecosystem. Similarly, ecosystem managers will need to focus on the entire life cycle of affected species and multiple variables, such as predation, food, and habitat availability to develop integrated management portfolios that accomplish ecosystem goals without undue impacts on water supply. Utilizing the single variable proposed in the "percentage of unimpaired flow" approach will not achieve the desired ecological outcomes and is, by far, the most destructive policy approach from the perspective of protecting and improving water supply. ACWA firmly believes the ecological outcomes can be achieved with even better results through a comprehensive approach that considers multiple solutions and benefits.
- **Science:** The State Water Board needs to incorporate the best available science to inform its work and assist with the development of voluntary settlement agreements. The unimpaired flow approach, in which flow objectives are not tied to any specific ecological outcome, fails to incorporate the best available science. As noted above, the updated plan needs to focus on the entire life cycle of affected species and multiple variables, such as predation, food, and habitat availability, and incorporate relevant current scientific information. Science alone cannot identify the best policy choice, but it can inform us about the policy tradeoffs we confront and help structure integrated solutions that provide ecosystem benefits with far less impact on water supply, the California economy and the public interest.



FUNCTIONAL FLOWS: A BETTER APPROACH

Sacramento Valley: Sacramento Valley water users and conservation partners are working together to advance a new generation of innovative projects to promote salmon recovery.

Over the past two and a half years, 12 projects have been completed through the Sacramento Valley Salmon Recovery Program to address fish passage, improve the timing of flows and increase habitat for salmon and other species. Priority projects have included removal of structural barriers to fish passage, modifying riffles, eliminating predator habitat, restoring floodplains and creating side channel spawning and rearing areas.

In addition, program partners are exploring creative ways to reconnect water with the land in floodplains and agricultural areas to enhance habitat and food production and create rearing habitat in rice fields.

While each of these collaborative projects provides independent value, implementation of the entire comprehensive suite is generating unique benefits that can significantly improve ecological outcomes for salmon in the Sacramento Valley.

Merced River: Merced Irrigation District has spent millions of dollars and decades undertaking intense and in-depth scientific research on the Merced River. This research has included analysis of flows, temperatures, biological resources and habitat. MID is poised to put this research into action through its Merced S.A.F.E. Plan (Salmon, Agriculture, Flows, and Environment) to provide certainty for both the environment and local water supply in Eastern Merced County.

The plan would provide increased flows using science to dictate the amounts and timing, restore critical sections of habitat for spawning and rearing juvenile salmon, protect local drinking water quality, upgrade an existing salmon hatchery with state-of-the-art facilities and reduce predation.

Based on in-depth science and technologically advanced computer modeling, MID seeks to take immediate action and dramatically benefit salmon on the Merced River.

- **Functional Flows:** Science shows that functional flows have very promising benefits for fish as well agricultural and urban water users. Timed and tailored for specific purposes, functional flows can benefit species in ways that unimpaired flow requirements cannot. Examples abound of collaborative, innovative projects currently underway by local water agencies and stakeholders that include functional flows and non-flow solutions that reconnect land and water to restore habitat and address the full life cycle of species needs. These efforts contribute real benefits to ecosystem recovery while maintaining water supply reliability.
- **Economic Considerations:** The State Water Board has a statutory obligation to consider economic impacts when establishing water quality objectives that reasonably protect all beneficial uses of water. Having a robust economic analysis is critical. The board also has a policy obligation under the coequal goals to ensure its actions related to a revised Bay-Delta Plan increase water supply reliability and thereby allow for a healthy, growing agricultural and urban economy in California.
- **Consistency with State Policy:** ACWA urges the State Water Board to heed the governor's direction and recognize that achieving the coequal goals will lead to a more reliable water supply and healthy ecosystem. Pursuing the coequal goals should be a guiding principle for the board's decisions related to adopting a revised Bay-Delta Plan. The State Water Board also should ensure that its decisions on the Bay-Delta Plan enable, rather than obstruct, the implementation of the California Water Action Plan.
- **Leadership:** The best policy choice will come through the give and take of the negotiating process and the enlightened leadership of the State Water Board members. Ultimately, the board must establish water quality objectives that ensure the reasonable protection of all beneficial uses of water as it implements negotiated solutions. The State Water Board should actively engage in this work and lead in a manner that is grounded in an awareness of how its actions can affect the implementation of the California Water Action Plan and the achievement of the coequal goals.

ACWA and its members have taken a strong policy position in support of comprehensive solutions such as those outlined in the California Water Action Plan. We stand ready to work with the Brown Administration to pursue the collaborative and comprehensive approaches needed to ensure a future for California that includes a vibrant agricultural and urban economy and a healthy ecosystem.

The Past

The Present

The Future



2015–2016
Final Results

2016–2017
Mid-Year
Review

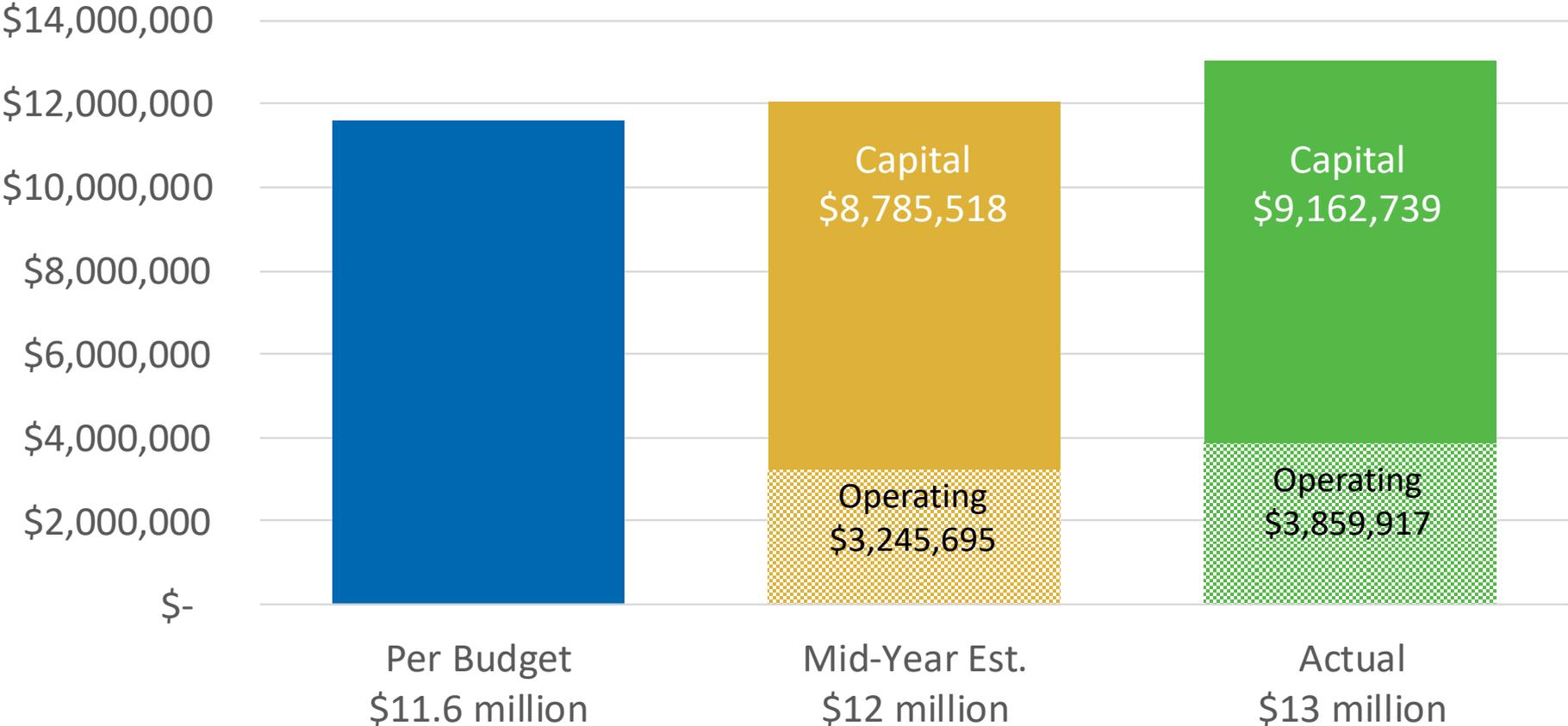
Whole

2017–2018
Budget
Timeline



SAN JUAN WATER
SINCE 1854

Final Wholesale Reserve Balances FY 2015-16



The Past

The Present

The Future



2016–2017
Mid-Year
Review

Wholesale



SAN JUAN WATER
SINCE 1854

Wholesale Operating FY 2016-17 Mid-Year Estimate

	FY 2015-2016 Actual	FY 2016-2017 Budget	Mid-Year Estimate	Variance from Budget
Beginning Available Reserves	\$ 14,474,812	\$ 3,224,712	\$ 3,859,917	\$ -
Transfer of Beginning Reserves	\$ (11,203,318)	\$ -	\$ -	11,203,318
Revenues				
Water Sales	\$ 7,067,960	\$ 8,310,600	\$ 9,166,900	\$ 856,300
Other Revenues	235,743	122,400	191,700	69,300
Total Revenues	\$ 7,303,702	\$ 8,433,000	\$ 9,358,600	\$ 925,600
Expenses				
Salaries & Benefits	\$ 2,797,825	\$ 3,494,100	\$ 3,166,600	\$ (327,500)
Treated Water	324,548	1,945,800	1,575,400	(370,400)
Other Expenses - excluding depn	1,724,061	2,216,200	2,336,100	119,900
Debt Service	2,001,525	1,996,900	1,996,900	-
Payoff Unfunded Pension Liability	-	415,800	415,800	-
Total Expenses	\$ 6,847,959	\$ 10,068,800	\$ 9,490,800	\$ (578,000)
Net Income/(Loss)	\$ 455,744	\$ (1,635,800)	\$ (132,200)	\$ 1,503,600
Transfers In/(Out)	132,679	210,600	(1,831,800)	2,042,400
Ending Available Reserves	\$ 3,859,917	\$ 1,799,512	\$ 1,895,917	\$ 96,405

Wholesale Operations are moving in the right direction towards fiscal

Wholesale Capital FY 2016–17 Mid–Year Estimate

	FY 2015-2016 Actual	FY 2016-2017 Budget	Mid-Year Estimate	Variance from Budget	
Beginning Reserve Balance	\$ -	\$ 8,806,500	\$ 9,162,739		
Revenues:					
Taxes & Assessments - Revenue	\$ 954,068	\$ 1,045,000	\$ 1,045,000	\$ -	
Capital Contributions - Revenue	959,000	784,200	617,900	(166,300)	
Rebates	391,436	72,000	180,900	108,900	
Investment/Interest Revenue	86,005	55,600	67,500	11,900	
Tapping & Connection Fees - Revenue	91,566	75,000	40,000	(35,000)	
Gain/Loss on Sale of Asset	7,964	-	5,800	5,800	
Total Revenues	\$ 2,490,040	\$ 2,031,800	\$ 1,957,100	\$ (74,700)	-3.7%
Expenses:					
Capital Outlay - Water Treatment Plant & Improvements	\$ 1,295,334	\$ 6,531,500	\$ 6,501,000	\$ (30,500)	
Capital Outlay - Equipment and Furniture	114,943	158,000	153,900	(4,100)	
Capital Outlay - Mains/Pipelines & Improvements	686,109	-	90,000	90,000	
Capital Outlay - Vehicles	33,745	76,500	47,100	(29,400)	
Capital Outlay - Buildings & Improvements	7,378	-	8,800	8,800	
Capital Outlay - Software	4,159	-	-	-	
Capital Outlay - Reservoirs & Improvements	-	59,000	-	(59,000)	
Contributions to Others	2,178,540	-	(517,100)	(517,100)	
Maintenance	77,731	105,000	105,000	-	
Total Expenses	\$ 4,397,940	\$ 6,930,000	\$ 6,388,700	\$ (541,300)	-7.8%
Transfer In	\$ 11,203,318	\$ -	\$ 1,831,800	1,831,800	
Transfer Out	\$ (132,679)	\$ (210,600)	\$ -	210,600	
Net Capital Fund Income/(Loss)	\$ 9,162,739	\$ (5,108,800)	\$ (2,599,800)	\$ 2,509,000	
Ending Reserve Balance	\$ 9,162,739	\$ 3,697,700	\$ 6,562,939	\$ 2,865,239	

Wholesale Capital Projects are on track with the budget – reserve balance

Projected Reserve Balances



Total Projected Wholesale Reserves 6/30/2017

\$8,460,718

The Past

The Present

The Future



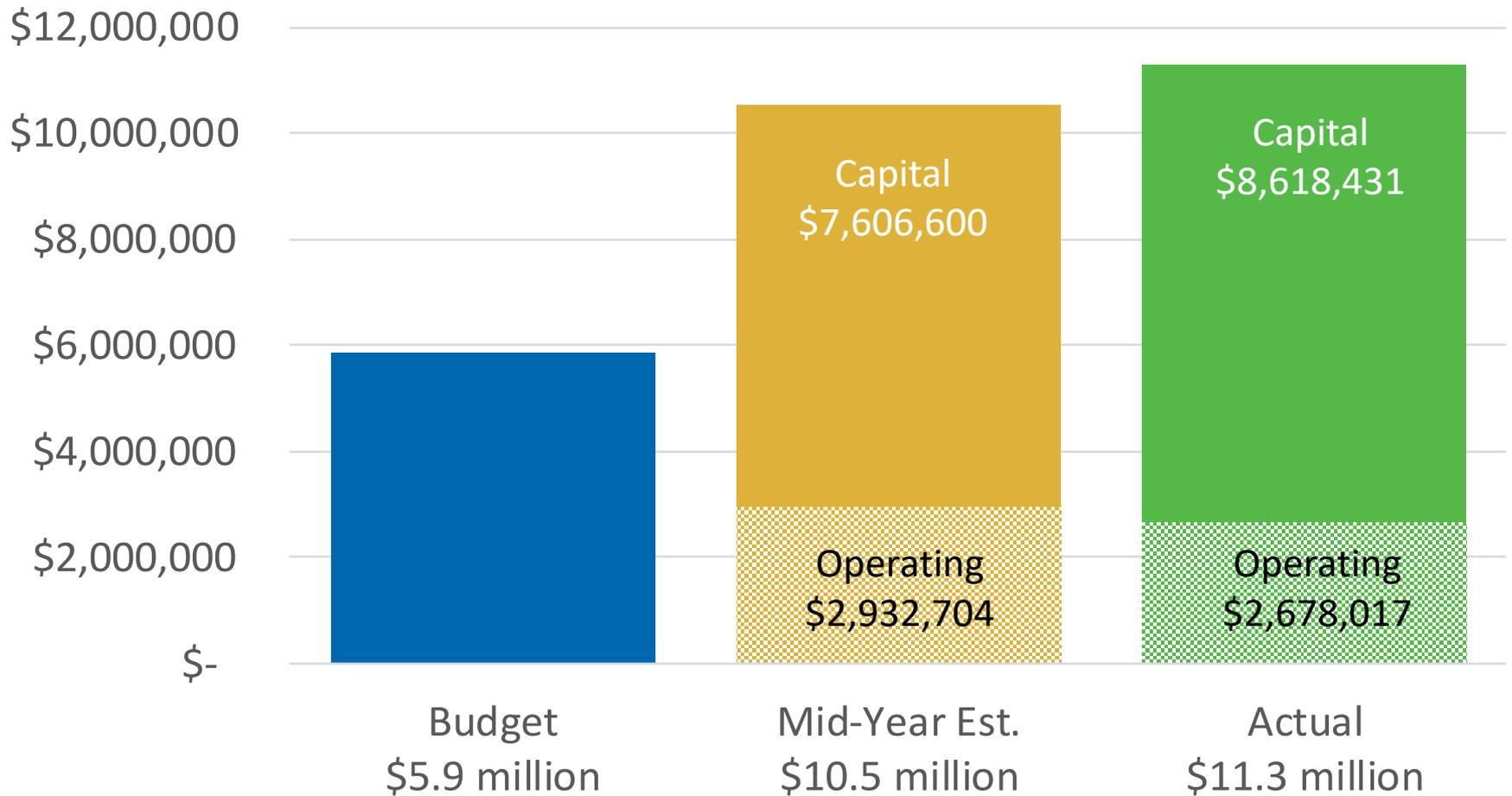
2015-2016
Final Results

Retail



SAN JUAN WATER
SINCE 1854

Final Retail Reserve Balances FY 2015-16



Retail Operating Mid-Year Estimate

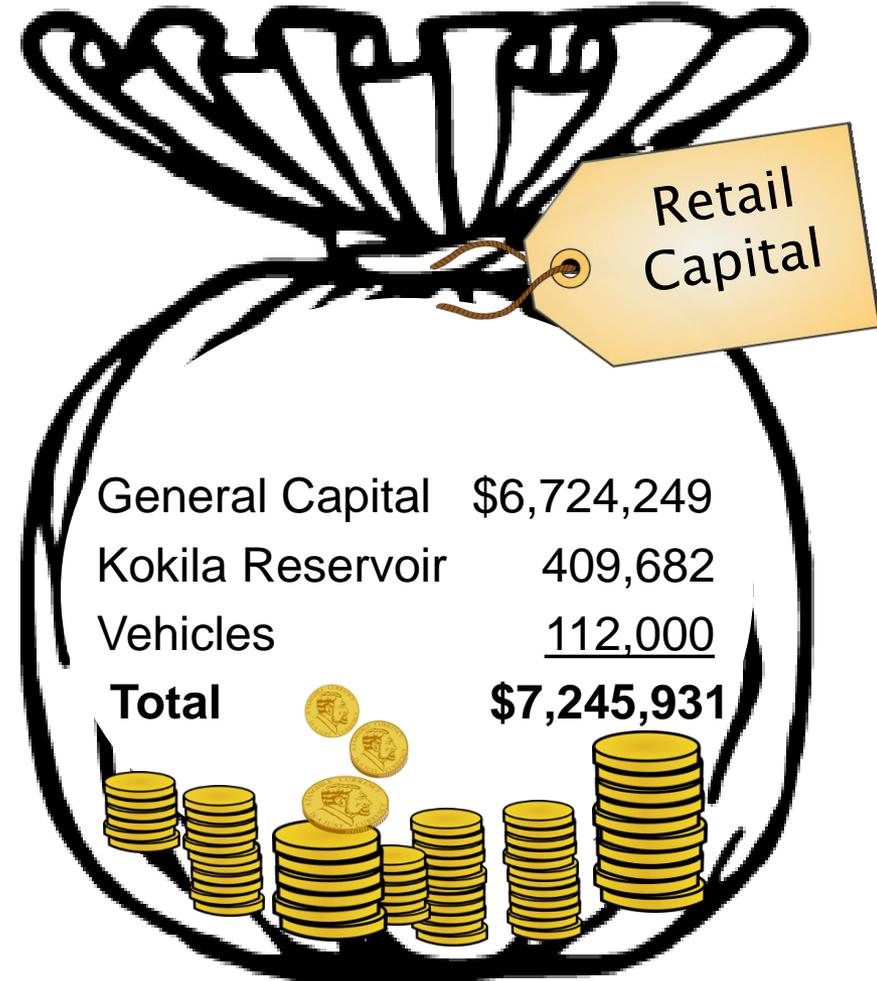
	FY 2015-2016 Actual	FY 2016- 2017 Budget	Mid-Year Estimate	Variance from Budget
Beginning Available Reserves	\$ 12,926,038	\$2,803,239	\$2,678,017	
Transfer of Beginning Reserves	(10,331,774)	-	-	-
Revenues				
Water Sales	8,255,437	9,657,800	9,248,800	(409,000)
Other Revenues	490,229	300,900	407,400	106,500
Total Revenues	8,745,665	9,958,700	9,656,200	(302,500) -3.0%
Expenses				
Salaries & Benefits	4,253,786	4,570,200	4,146,100	(424,100)
Treated Water	2,551,742	2,721,300	2,738,500	17,200
Other Expenses - excluding dep	1,649,208	2,515,600	2,183,900	(331,700)
Debt Service	1,096,607	1,094,600	1,094,600	-
Payoff Unfunded Pension Liabil	0	410,800	410,800	-
Total Expenses	9,551,343	11,312,500	10,573,900	(738,600) -6.5%
Net Income/(Loss)	(805,678)	(1,353,800)	(917,700)	436,100
Transfers In/(Out)	889,431	1,025,600	581,400	(444,200)
Ending Available Reserves	2,678,017	2,475,039	2,341,717	

Revenues are down – offset by cost savings

Retail Capital Mid-Year Estimate

	FY 2015-16 Actual	2016-2017 Budget	Mid-Year Estimate	Variance from Budget	
Beginning Reserve Balance	\$ -	\$ 7,736,100	\$ 8,618,422		
Revenues:					
Investment/Interest Revenue	85,446	45,800	74,400	28,600	
Taxes & Assessments - Revenue	954,067	1,050,000	1,050,000	-	
Tapping & Connection Fees - Revenue	566,299	450,000	367,000	(83,000)	
Grant Revenue	705,625	-	-	-	
Gain/Loss on Sale of Asset	8,056	-	24,200	24,200	
Total Revenues	\$ 2,319,493	\$ 1,545,800	\$ 1,515,600	\$ (30,200)	-2.0%
Expenses:					
Capital Outlay - Pump Stations & Improvemen	\$ 1,391,403	\$ 1,171,000	\$ 545,800	(625,200)	
Capital Outlay - Mains/Pipelines & Improve	1,431,486	2,356,000	552,100	(1,803,900)	
Capital Outlay - Reservoirs & Improvements	3,184	781,000	771,300	(9,700)	
Capital Outlay - Equipment and Furniture	18,323	25,500	55,500	30,000	
Capital Outlay - Vehicles	95,283	349,000	264,400	(84,600)	
Capital Outlay - Software	4,159	126,900	100,000	(26,900)	
Contributions to Others	199,575	-	17,600	17,600	
Other	-	-	400	400	
Total Expenses	\$ 3,143,414	\$ 4,809,400	\$ 2,306,700	\$ (2,502,700)	-52%
Net Capital Fund Income/(Loss)	\$ (823,921)	\$ (3,263,600)	\$ (791,100)	\$ 2,472,500	
Transfers In	\$ 10,331,774	\$ -	-	-	
Transfers Out	\$ (889,431)	\$ (1,025,600)	(581,400)	\$ 444,200	
Ending Reserve Balance	\$ 8,618,422	\$ 3,446,900	\$ 7,245,922	\$ 3,799,022	

Projected Reserve Balances



Total Projected Retail Reserves 6/30/2017

\$9,588,276

The Past

The Present

The Future



2017-2018
Budget
Timeline



FY 17-18 Budget Timeline

Staff
Kick-off
March
30th

Board
Timeline
Review
tonight

Board
Assumptions
Review April
26th

Staff
Budget
Creation
3/31 -
5/17

Budget
Workshop
May
24th

Budget
Adoption
June 14th

FY 2015-16 Results - Wholesale

	Actual/Final				Variance from Budget
	Budget	Operating	Capital	Combined	
Beginning Available Reserves	\$ 13,826,746	\$ 14,474,812	\$ -	\$ 14,474,812	
Revenues					
Water Sales	\$ 6,240,325	\$ 7,067,960	\$ -	\$ 7,067,960	\$ 827,635
Taxes & Assessments	995,000	-	954,068	954,068	(40,932)
Capital Contributions	568,350	-	959,000	959,000	390,650
Other Revenues	432,536	235,228	93,969	329,197	(103,339)
Rebates	385,000	514	391,436	391,951	6,951
Connection Fees	45,180	-	91,566	91,566	46,386
Total Revenues	\$ 8,666,391	\$ 7,303,702	\$ 2,490,040	\$ 9,793,742	\$ 1,127,351
Expenses					
Salaries & Benefits	\$ 3,644,964	\$ 2,797,825	\$ -	\$ 2,797,825	\$ (847,139)
Capital Improvement Projects	2,684,000	-	4,397,940	4,397,940	1,713,940
Debt Service	2,057,092	2,001,525	-	2,001,525	(55,567)
Other Expenses - excluding depn	1,912,140	1,724,061	-	1,724,061	(188,079)
Treated Water	598,846	324,548	-	324,548	(274,298)
Total Expenses	\$ 10,897,042	\$ 6,847,959	\$ 4,397,940	\$ 11,245,898	\$ 348,857
Net Income/(Loss)	\$ (2,230,651)	\$ 455,744	\$ (1,907,900)	\$ (1,452,156)	\$ 778,494
Transfers:					
Establish Capital Reserve Fund	\$ -	\$ (11,203,318)	\$ 11,203,318	\$ -	\$ -
Year-End Reserve Transfers	\$ -	\$ 132,679	\$ (132,679)	\$ -	\$ -
Ending Available Reserves	\$ 11,596,095	\$ 3,859,917	\$ 9,162,739	\$ 13,022,656	\$ 1,426,560

FY 2015-16 Results – Retail

	Budget	Actual/Final			Variance from Budget
		Operating	Capital	Combined	
Beginning Available Reserves	\$ 11,032,616	\$ 12,926,038	\$ -	\$ 12,926,038	
Revenues					
Water Sales	8,695,800	8,255,437	-	8,255,437	(440,363)
Taxes & Assessments	948,000	-	954,067	954,067	6,067
Connection Fees	350,000	-	566,299	566,299	216,299
Other Revenues	127,250	490,229	602,574	1,092,803	965,553
Total Revenues	10,121,050	8,745,665	2,122,941	10,868,606	747,556 7%
Expenses					
Salaries & Benefits	4,067,500	4,253,786	-	4,253,786	186,286
Capital Improvement Projects	5,403,600	-	2,946,853	2,946,853	(2,456,747)
Debt Service	1,652,700	1,096,607	-	1,096,607	(556,093)
Other Expenses - excluding depn	2,103,350	1,649,208	-	1,649,208	(454,142)
Treated Water	2,050,900	2,551,742	-	2,551,742	500,842
Total Expenses	15,278,050	9,551,343	2,946,853	12,498,196	(2,779,854) -18%
Net Income/(Loss)	(5,157,000)	(805,678)	(823,912)	(1,629,590)	
Transfers:					
Establish Capital Reserve Fund	-	(10,331,774)	10,331,774	-	-
Year-End Reserve Transfers	-	889,431	(889,431)	-	-
Ending Available Reserves	\$ 5,875,616	\$ 2,678,017	\$ 8,618,431	\$ 11,296,448	\$ 5,420,832

AGENDA ITEM VI-1, 2 & 3.1

Director Tobin's Report

RWA

Board of Directors Report

Water Efficiency Update: Jan 2017, the region saved 9.6% compared to Jan 2103. The region saved 11.5% in 2016, 2.6% in 2015 and had an increase of 18.9% in 2014, all compared to Jan 2013.

Grants update: Staff is managing 4 grants totaling \$30M. RWA received confirmation from DWR that \$25M 2006 DWR Prop 50 implementation grant terms have been met and DWR is processing the release of the final retention on the project. In Feb, RWA received a letter from DWR for the \$250K 2016 Prop 1 integrated Regional Water Management Planning Grant award. It will be used to update the American River Basin IRWM Plan to meet updated standards released in 2016.

ACWA Update: Mr. Woodling, Keith Durkin and I attended the ACWA DC Conference and participated with RWA member agency staff in visiting the legislators and staff. Conference attendees heard from panels of legislators, staff and media on a number of issues. Notable was the executive order from the Trump Administration on Waters of the United States (WOTUS) under the Clean Water Act. The order reverses Obama Administration Actions that would have expanded the applicability of the Clean Water Act. The trump Administration to Infrastructure funding is very uncertain. Several legislators expressed the opinion that a work on infrastructure funding would not come until next year, after other priorities such as the Affordable Care Act and tax cuts are resolved. Additionally, its unclear what form infrastructure funding will take, and to what degree water will be in the mix.

On March 10, 2017 ACWA Board Of Director's will consider a policy statement regarding the State Water Resources Control Board's approach on flow setting for the Bay-Delta Water Quality Control Plan Update. Staff will bring a resolution of support to the RWA Board for consideration in May.

Strategic Plan Progress: RWA adopted it Strategic Plan 2013-2018 in late 2013. A number of external factors have changed including the drought emergency, the passage of the Sustainable Groundwater Management Act, and a new Administration proposal for permanent water conservation target setting authority. The Exec Committee has discussed updating the strategic plan to address current realities as its Jan and Feb 2017 meeting. Staff will update the full board on progress in implementing the strategic plan, and outline a proposed process for seeking input on a plan update.

Legislative & Regulatory Update (from RWA Executive Committee Meeting)

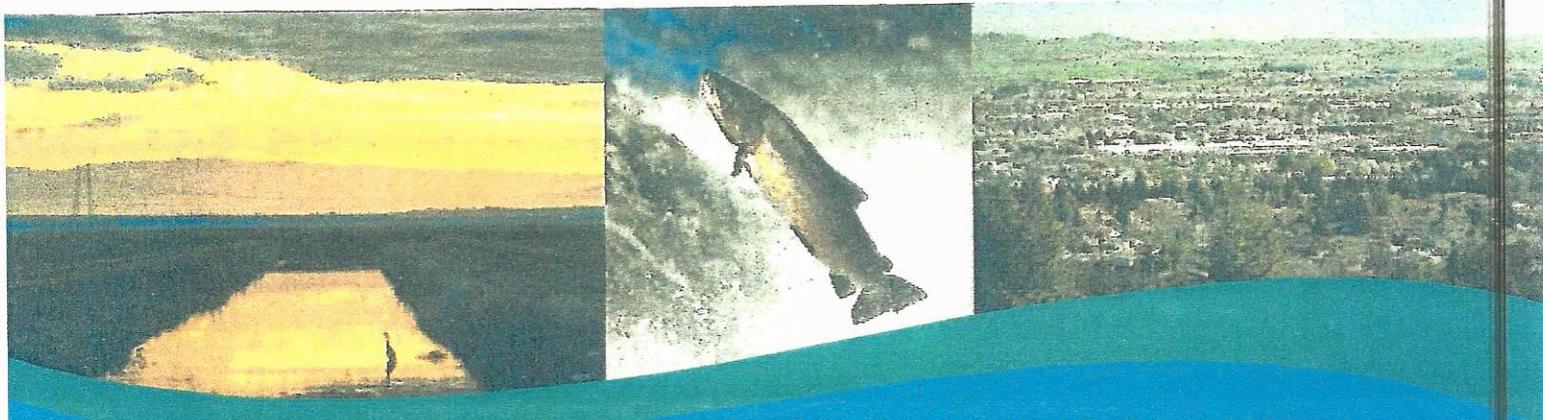
RWA Staff update to the board on legislative and regulatory issues:

- 1) Long term urban water efficiency legislation
- 2) SWRCB emergency urban water conservation regulation

- 3) Proposition 218-SB 231 and SCA 4
- 4) SWRCB AB401 (2015) Statewide Low Income water rate assistance program
- 5) SWRCB lead sampling of drinking water in CA Schools

SGMA Update: 5 groundwater sustainability agencies are expected to form to fully cover the N. American Sub basin. Representatives are meeting monthly to scope the development of a single Groundwater Sustainability Plan for the sub basin. DWR is planning to release draft guidelines for Prop 1 funded grants to support the Sustainable Groundwater Management within the next several weeks.

RWA Outreach: Mr. Woodling was a panelist at the ACWA Leg Symposium on March 8th. He has been conducting one-on-one meetings with RWA members with the goal of meeting with each member at least once annually. RWA also held a new member Board Orientation session after the regular board meeting on March 9th. Staff participated in the Metro Chamber State Leg Summit on March 9th and Mr. Woodling served on a drafting group to support ACWA's development of Board approved Policy Statement on Bay-delta Flow Requirements.



ACWA POLICY STATEMENT ON BAY-DELTA FLOW REQUIREMENTS

COLLABORATIVE APPROACH IS KEY TO CALIFORNIA'S FUTURE

California is facing a defining moment in water policy. A staff proposal under consideration by the State Water Resources Control Board presents a decision point about the future we want for California and its communities, farms, businesses and ecosystems. The State Water Board's staff proposal to base new water quality objectives on a "percentage of unimpaired flow" would have impacts that ripple far beyond water for fish.

The proposal could lead to widespread fallowing of agricultural land, undercut the state's groundwater sustainability goals, cripple implementation of the Brown Administration's California Water Action Plan, negatively affect water reliability for much of the state's population and impact access to surface water for some disadvantaged communities that do not have safe drinking water. These effects are not in the public's interest.

Local water managers overwhelmingly believe the proposal's singular focus on "unimpaired flow" is the wrong choice for the state's future. California's urban and agricultural water managers are united in their vision for a future that includes a healthy economy as well as healthy ecosystems and fish populations. That vision is best achieved through comprehensive, collaborative approaches that include "functional" flows as well as non-flow solutions that contribute real benefits to ecosystem recovery.

On behalf of its more than 430 member public agencies serving urban and agricultural customers throughout the state, the Association of California Water Agencies (ACWA) adopts the following policy statement regarding the State Water Board's proposed approach to updating the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta.

LOCAL SUCCESS STORIES

Collaborative efforts have been successful on many rivers in the Bay-Delta watershed.

Lower Yuba River: A voluntary, collaborative settlement among Yuba County Water Agency, California Department of Fish and Wildlife, National Marine Fisheries Service, PG&E and conservation groups resolved 20 years of controversy and resulted in a continuing program to improve 24 miles of salmon and steelhead habitat while protecting water rights and the needs of local communities. State Water Board members have specifically recognized the value of the agreement, which was formally implemented in 2008.

Lower American River: A broad representation of water suppliers, environmental groups, local governments and others negotiated an historic agreement that led to a flow management standard that was successfully incorporated into a 2009 biological opinion issued by the National Marine Fisheries Service.

Feather River: Six years of negotiations among water users, fisheries agencies and environmental groups yielded a comprehensive agreement that includes a habitat improvement program with specific flow and temperature requirements to accommodate spawning salmon and steelhead. The State Water Board adopted the agreement, with some modification, in 2010 as a water quality certification under the federal Clean Water Act.

CHOOSING OUR VISION FOR CALIFORNIA'S WATER FUTURE

Since 2009, state law has required water resources to be managed in a way that achieves the coequal goals of improving water supply reliability for California and protecting, restoring and enhancing the Delta ecosystem. ACWA and its public water agency members believe that policy requires a commitment from state agencies and stakeholders to advance both water supply and environmental goals together. ACWA and its members further believe that effective implementation of the coequal goals requires transparent, collaborative processes and comprehensive solutions.

In 2014, the Brown Administration released its California Water Action Plan outlining priority actions addressing water-use efficiency, groundwater sustainability, ecological restoration, Delta conveyance solutions, water storage, safe drinking water and more. Embedded in the plan is the Brown Administration's commitment that planned actions "will move California toward more sustainable water management by *providing a more reliable water supply for our farms and communities, restoring important wildlife habitat and species, and helping the state's water systems and environment become more resilient.*"

ACWA believes the policy of coequal goals and the commitment embedded in the California Water Action Plan have the potential to put California on a path that includes a vibrant agricultural and urban economy and a healthy ecosystem.

ACWA and its members believe the unimpaired flow approach proposed by State Water Board staff undercuts and threatens that potential and cannot lead us to the future we want for California. Simply put, any strategy that would result in vast amounts of agricultural land going out of production and ultimately reduce water supply reliability for the majority of Californians is irreconcilable with a policy of coequal goals and blatantly inconsistent with the water policy objectives of the Brown Administration.

ACWA strongly supports the collaborative approach called for by Governor Jerry Brown to move these important decisions out of adversarial processes and into negotiated, comprehensive agreements. The following principles can assure success in that endeavor.

A BETTER PATH TO THE FUTURE

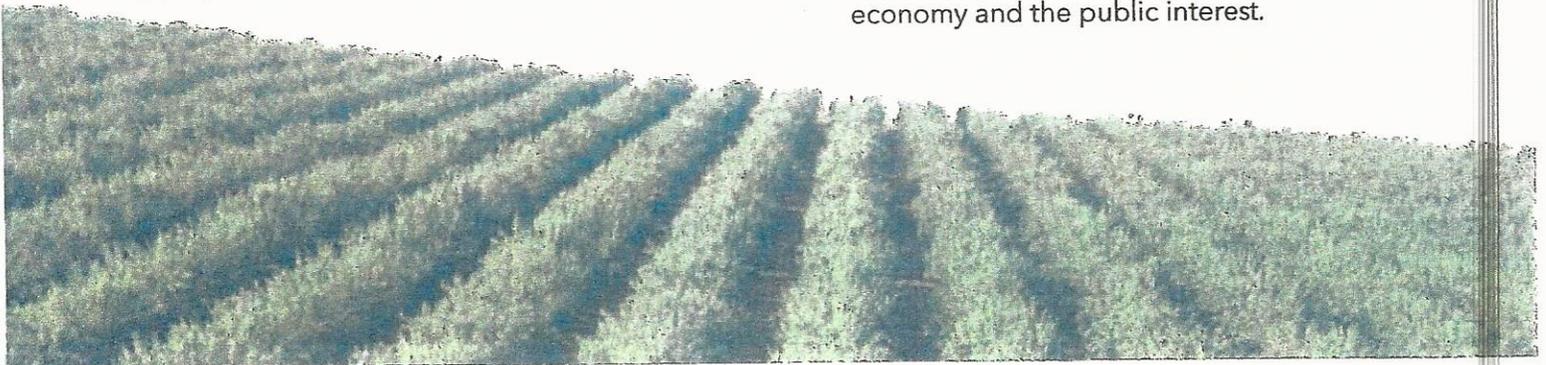
The State Water Board is responsible for updating the Bay-Delta Plan in a manner that establishes water quality objectives that ensure the reasonable protection of all beneficial uses of water (including domestic, municipal, agricultural and industrial supply; power generation; recreation; aesthetic enjoyment; navigation; and preservation and enhancement of fish, wildlife, and other aquatic resources) while considering past, present and probable future beneficial uses, environmental characteristics, water quality conditions and economic considerations, among other things. (See California Water Code Section 13241.) It also has a responsibility to update the plan in a way that is consistent with the coequal goals and respects and implements the commitments made in the California Water Action Plan.

ACWA and its members urge the State Water Board to set aside the unimpaired flow approach and heed Governor Brown's call for negotiated agreements. ACWA believes that a successful flows policy must be consistent with the following principles:

- **Collaboration:** The governor has called for work on a comprehensive agreement on environmental flows in both the San Joaquin and Sacramento River basins. He has asked that State Water Board members and staff prioritize analysis and implementation of voluntary agreements. Further, the Brown Administration committed in the California Water Action Plan that the State Water Board and the California Natural Resources Agency will work with stakeholders to encourage negotiated implementation of protective Delta standards. ACWA strongly supports the collaborative approach called for by the governor because it is the least contentious, most effective way to achieve the coequal goals. Negotiated agreements have been demonstrably successful at achieving outcomes and widespread support for appropriate environmental flows; forced

regulations have not yielded the same track record. The State Water Board should wholly embrace this approach and allow enough time for it to work.

- **Comprehensive Solutions:** A successful collaborative approach will require comprehensive solutions for both water supply and ecosystem management. Water users will need to continue and build on their commitment to integrated resources management in order to maintain reliability without undue impacts on the ecosystem. Similarly, ecosystem managers will need to focus on the entire life cycle of affected species and multiple variables, such as predation, food, and habitat availability to develop integrated management portfolios that accomplish ecosystem goals without undue impacts on water supply. Utilizing the single variable proposed in the "percentage of unimpaired flow" approach will not achieve the desired ecological outcomes and is, by far, the most destructive policy approach from the perspective of protecting and improving water supply. ACWA firmly believes the ecological outcomes can be achieved with even better results through a comprehensive approach that considers multiple solutions and benefits.
- **Science:** The State Water Board needs to incorporate the best available science to inform its work and assist with the development of voluntary settlement agreements. The unimpaired flow approach, in which flow objectives are not tied to any specific ecological outcome, fails to incorporate the best available science. As noted above, the updated plan needs to focus on the entire life cycle of affected species and multiple variables, such as predation, food, and habitat availability, and incorporate relevant current scientific information. Science alone cannot identify the best policy choice, but it can inform us about the policy tradeoffs we confront and help structure integrated solutions that provide ecosystem benefits with far less impact on water supply, the California economy and the public interest.



FUNCTIONAL FLOWS: A BETTER APPROACH

Sacramento Valley: Sacramento Valley water users and conservation partners are working together to advance a new generation of innovative projects to promote salmon recovery.

Over the past two and a half years, 12 projects have been completed through the Sacramento Valley Salmon Recovery Program to address fish passage, improve the timing of flows and increase habitat for salmon and other species. Priority projects have included removal of structural barriers to fish passage, modifying riffles, eliminating predator habitat, restoring floodplains and creating side channel spawning and rearing areas.

In addition, program partners are exploring creative ways to reconnect water with the land in floodplains and agricultural areas to enhance habitat and food production and create rearing habitat in rice fields.

While each of these collaborative projects provides independent value, implementation of the entire comprehensive suite is generating unique benefits that can significantly improve ecological outcomes for salmon in the Sacramento Valley.

Merced River: Merced Irrigation District has spent millions of dollars and decades undertaking intense and in-depth scientific research on the Merced River. This research has included analysis of flows, temperatures, biological resources and habitat. MID is poised to put this research into action through its Merced S.A.F.E. Plan (Salmon, Agriculture, Flows, and Environment) to provide certainty for both the environment and local water supply in Eastern Merced County.

The plan would provide increased flows using science to dictate the amounts and timing, restore critical sections of habitat for spawning and rearing juvenile salmon, protect local drinking water quality, upgrade an existing salmon hatchery with state-of-the-art facilities and reduce predation.

Based on in-depth science and technologically advanced computer modeling, MID seeks to take immediate action and dramatically benefit salmon on the Merced River.

- **Functional Flows:** Science shows that functional flows have very promising benefits for fish as well agricultural and urban water users. Timed and tailored for specific purposes, functional flows can benefit species in ways that unimpaired flow requirements cannot. Examples abound of collaborative, innovative projects currently underway by local water agencies and stakeholders that include functional flows and non-flow solutions that reconnect land and water to restore habitat and address the full life cycle of species needs. These efforts contribute real benefits to ecosystem recovery while maintaining water supply reliability.
- **Economic Considerations:** The State Water Board has a statutory obligation to consider economic impacts when establishing water quality objectives that reasonably protect all beneficial uses of water. Having a robust economic analysis is critical. The board also has a policy obligation under the coequal goals to ensure its actions related to a revised Bay-Delta Plan increase water supply reliability and thereby allow for a healthy, growing agricultural and urban economy in California.
- **Consistency with State Policy:** ACWA urges the State Water Board to heed the governor's direction and recognize that achieving the coequal goals will lead to a more reliable water supply and healthy ecosystem. Pursuing the coequal goals should be a guiding principle for the board's decisions related to adopting a revised Bay-Delta Plan. The State Water Board also should ensure that its decisions on the Bay-Delta Plan enable, rather than obstruct, the implementation of the California Water Action Plan.
- **Leadership:** The best policy choice will come through the give and take of the negotiating process and the enlightened leadership of the State Water Board members. Ultimately, the board must establish water quality objectives that ensure the reasonable protection of all beneficial uses of water as it implements negotiated solutions. The State Water Board should actively engage in this work and lead in a manner that is grounded in an awareness of how its actions can affect the implementation of the California Water Action Plan and the achievement of the coequal goals.

ACWA and its members have taken a strong policy position in support of comprehensive solutions such as those outlined in the California Water Action Plan. We stand ready to work with the Brown Administration to pursue the collaborative and comprehensive approaches needed to ensure a future for California that includes a vibrant agricultural and urban economy and a healthy ecosystem.

Federal WaterSMART Water Marketing Strategy Grants

WHAT IT IS

In February 2017, the Department of the Interior, Bureau of Reclamation (Reclamation) issued a Funding Opportunity Announcement for WaterSMART grants to support the development of water marketing strategies that will help prevent water conflicts and will contribute to water supply sustainability. Authorized in the 2009 SECURE Water Act under Public Law 111-11, Section 9502; this is the first time such grants are being made available. For Fiscal Year 2017, Reclamation has \$3 million in project funding and estimates it will make 10 to 12 awards of up to \$200k and \$400k each (depending on project scope). Proposals are due on April 19, 2017; Reclamation intends to announce awards in June 2017.

WHY WE ARE INTERESTED

This is a timely opportunity for water purveyors in the American River Basin as water marketing strategies are being actively considered in development of both the ongoing Regional Water Authority (RWA) Regional Water Reliability Plan and the upcoming federal American River Basin Study. As the reliability of existing water rights and contract entitlements become more uncertain under changing regulations and extreme events continue to intensify under climate change, viable water marketing strategies will be critically important to investing in the regional infrastructure and institutional arrangements for a sustainable water future. This grant would provide resources and opportunities for the region to further the necessary asset development and investments, market focus and capture, and implementation and governance. The grant would help advance our water marketing strategy as an essential part of integrated water management for regional sustainability.

WHO IS INVOLVED

Lead Agency: El Dorado County Water Agency (EDCWA)

Participating Agencies: Placer County Water Agency (PCWA), City of Sacramento (Sacramento), City of Folsom (Folsom), Sacramento Suburban Water District (SSWD), and RWA (representing its member agencies in the region)

Technical Support: MWH, now part of Stantec

KEY REQUIREMENTS

Cost-Share: 50 percent or more non-Federal cost share in the form of in-kind and/or cash contributions

Eligible Projects: Development of a water marketing strategy to establish or expand water markets or water marketing activities

Ineligible Projects: Studies and activities other than water marketing strategies, such as:

- Construction activities
- Water conservation projects
- Normal OM&R
- Title XVI projects
- Water purchases
- Construction of buildings for administration purposes
- On-farm improvements

**SCHEDULE AND NEEDED ACTIONS FROM LEAD AND PARTICIPATING AGENCIES
(WHO IS DOING WHAT AND WHEN)**

Due Date*	Needed Actions	Responsible Agency(ies)
3/29/2017	Agree on Scope of Work and Associated Cost-share; Agree on List of Stakeholder Support Letters to be Sought	EDCWA, PCWA, Sacramento, Folsom, SSWD, RWA
4/5/2017	Provide Draft Application for Review (with interim discussions as necessary)	MWH-Stantec
4/10/2017	Complete Review of Draft Application and Provide Comments for Incorporation	EDCWA, PCWA, Sacramento, Folsom, SSWD, RWA
4/17/2017	Complete Mandatory Federal Forms for Inclusion	EDCWA
4/17/2017	Complete Letters of Funding Commitment for Inclusion (to the extent possible and applicable, leveraging existing/committed investments)	EDCWA, PCWA, Sacramento, Folsom, SSWD, RWA
4/17/2017	Secure Letters of Support from Stakeholders for Inclusion	EDCWA, PCWA, Sacramento, Folsom, SSWD, RWA
4/17/2017	Complete Official Resolution for Inclusion	EDCWA
4/18/2017	Complete and Submit Final Grant Application	MWH-Stantec

* Agencies are encouraged to complete actions early; the due dates may move earlier as needed.



VIABLE WATER MARKETING STRATEGIES WILL BE CRITICALLY IMPORTANT TO INVESTING IN THE REGIONAL INFRASTRUCTURE AND INSTITUTIONAL ARRANGEMENTS FOR A SUSTAINABLE WATER FUTURE.

**RWA Bill Position Recommendations
for 3/22/17 Executive Committee meeting**

AB 313 (Gray D) Water.

Introduced: 2/6/2017

Summary:

Current law establishes the State Water Resources Control Board in the California Environmental Protection Agency consisting of 5 members appointed by the Governor, including one member required to be an attorney admitted to practice law in this state who is qualified in the fields of water supply and water rights and one registered civil engineer under the laws of this state qualified in the fields of water supply and water rights. This bill would revise the qualifications for the membership to the board by eliminating those requirements for qualification in the field of water rights.

Position: Not Yet Considered

Misc1: ACWA Watch

Notes 1: As introduced, AB 313 would:

- Revise the qualifications for membership to the SWRCB.
- Transfer authority over specific water rights matters from the SWRCB to DWR.
- Eliminate the duty of the SWRCB to take all appropriate proceedings or actions to prevent waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water in this state.
- Establish a "Water Rights Division" within the Office of Administrative Hearings.
- Establish within the Natural Resources Agency the "State Water Project Commission," consisting of nine members appointed by the Governor and subject to confirmation by the Senate. The bill would transfer authority over and relating to the State Water Project from DWR to the Commission.
- Transfer the SWRCB's authority under SGMA to DWR.

This bill, if enacted, would bring about substantial changes--and introduce considerable uncertainties--in the administration of California's water rights system, the operations of the State Water Project, and ongoing implementation of SGMA.

RECOMMENDATION: WATCH

AB 321 (Mathis R) Groundwater sustainability plans.

Introduced: 2/7/2017

Summary:

The Sustainable Groundwater Management Act requires that all groundwater basins that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. This bill would require the groundwater sustainability agency to solicit the participation of farmers, ranchers, and other qualified professionals within the groundwater basin prior to and during the development and implementation of the plan.

Position: Not Yet Considered

Misc1: ACWA NOT FAVOR

Notes 1: Under SGMA, GSAs are required to "encourage the active involvement of diverse social, cultural, and economic elements of the population within the groundwater basin prior to and during the development and implementation of the groundwater sustainability plan." (Water Code sec. 10727.8(a).)

As introduced, AB 321 would specifically require GSAs to "solicit the participation of farmers, ranchers, and other qualified professionals" during GSP development and implementation. As a result, this bill may create additional planning and coordination responsibilities for GSAs. Additionally, as noted in the ACWA analysis of AB 321, "When Governor Brown signed SGMA into law in 2014, he stated that the central feature of the law is the recognition that groundwater management in California is best accomplished locally. Local agencies have the power to assess the conditions of their local groundwater basins. Local agencies also know better who to reach out to and how to encourage the involvement of local interested parties that would like to participate in the development and implementation of a GSP in the basin."

RECOMMENDATION: WATCH

AB 574 (Quirk D) Potable reuse.

Introduced: 2/14/2017

Summary:

Current law required the State Department of Public Health to develop and adopt uniform water recycling criteria for surface water augmentation, as defined, by December 31, 2016. Current law defined the terms "direct potable reuse," "indirect potable reuse for groundwater recharge," and "surface water augmentation" for these purposes. This bill would remove certain references to "direct potable reuse," "indirect potable reuse for groundwater recharge," and "surface water augmentation," and would instead specify the four different types of potable reuse projects as "potable reuse through groundwater augmentation," "potable reuse through reservoir augmentation," "potable reuse through raw water augmentation," and "potable reuse through treated water augmentation."

Position: Not Yet Considered

Notes 1: As introduced, AB 574 would modify definitions applied to various types of recycled water projects. This bill would also require the SWRCB to establish a framework for the regulation of potable reuse projects that includes specified elements by June 1, 2018, and require the SWRCB to adopt uniform water recycling criteria for potable reuse through raw water augmentation by December 31, 2021.

WaterReuse California is the sponsor of AB 574.

RECOMMENDATION: WATCH

AB 793 (Frazier D) Sacramento-San Joaquin Delta: financing.

Introduced: 2/15/2017

Summary:

Would declare it to be state policy that the natural state of the Sacramento-San Joaquin Delta is recognized and defined as an integral component of California's water infrastructure. The bill would state that the maintenance and repair of the Delta are eligible for the same forms of financing as other water collection and treatment infrastructure and would specify the maintenance and repair activities that are eligible are limited to certain cleanup and abatement-related restoration and conservation activities.

Position: Not Yet Considered

Notes 1: As introduced, AB 793 would provide that "the maintenance and repair of the Delta is eligible for the same forms of financing as other water collection and treatment infrastructure." "Eligible maintenance and repair activities" would be limited to:

- (1) Cleanup and abatement of toxic or hazardous waste spilled into or exposed in any way to the Delta's recognized waters or hydrology.
- (2) Cleanup and abatement of marine debris, solid waste, and abandoned vessels of any kind.
- (3) Habitat restoration or conservation in addition to, but not exclusive of, any other habitat conservation plan.
- (4) Water quality improvement projects that protect or enhance the quality of water in the Delta for human and environmental purposes, reduce salinity, prevent seawater intrusion into the Delta, or improve freshwater flows into the Delta.
- (5) Projects with a demonstrated likelihood of improving conditions of the water and ecosystems in the Delta for the benefit of humans and the environment.

RECOMMENDATION: WATCH

AB 885 (Rubio D) Pupil health: drinking water: lead.

Introduced: 2/16/2017

Summary:

Would require a public or private school to ensure that drinking water is provided at the school that meets the United States Environmental Protection Agency drinking water standards for lead. The bill would require a public or private school, on or before February 1, 2018, to request water quality testing, including lead testing, from the State Water Resources Control Board, and would require the state board to perform or provide for the performance of the requested testing on or before November 1, 2019.

Position: Not Yet Considered

Misc1: ACWA Watch

Notes 1: From the ACWA analysis: "As introduced, this bill would require a public or private school to ensure that drinking water provided at the school meets the [U.S. EPA] drinking water standards for

lead. The bill would require a public or private school, on or before February 1, 2018, to request water quality testing, including testing for lead, from the [SWRCB]. The bill would require the [SWRCB] to perform or provide for the performance of the requested testing on or before November 1, 2019. If this testing reveals that a school has drinking water that does not meet the U.S. EPA's drinking water standards for lead, the bill would require the school, contingent upon the school receiving a grant or other external source of funding, to replace any water pipes that are contributing to exposure to lead."

It is possible that the SWRCB's mechanism to "provide for the performance of testing" would involve the domestic water supply permit amendments issued to community water systems in January 2017.

Asm. Rubio is the author of RWA's sponsored legislation, AB 968 and AB 1654.

RECOMMENDATION: WATCH

AB 975 (Friedman D) Natural resources: wild and scenic rivers.

Introduced: 2/16/2017

Summary:

Current law establishes that it is the policy of the state that certain rivers that possess extraordinary scenic, recreational, fishery, or wildlife values shall be preserved in their free-flowing state, together with their immediate environments, for the benefit and enjoyment of the people of the state. This bill would revise that policy to specify that certain rivers that possess scenic, recreational, fishery, wildlife, historical, cultural, geological, ecological, hydrological, botanical, or other values shall be preserved in their free-flowing state, together with their immediate environments, for the benefit and enjoyment of the people of the state, and would revise the definition of "immediate environments," and define the term "extraordinary value" for purposes of that policy.

Position: Not Yet Considered

Notes 1: As introduced, AB 975 would expand the categories of extraordinary values identified in the California Wild and Scenic Rivers Act's legislative declaration of policy. This bill would also:

-Redefine "immediate environments" as the corridor of land within one-quarter mile of a designated Wild and Scenic river segment. The existing definition is "land immediately adjacent to a designated segment."

-Introduce a definition of "extraordinary value" as "a natural, cultural, or similar value that is outstanding or remarkable in a local, regional, or statewide context."

The expansion of the definition of "immediate environments" from "land immediately adjacent" to a "corridor of land within a one-quarter mile" may impose new requirements or planning considerations on agencies that operate on or near designated Wild and Scenic river segments.

RECOMMENDATION: OPPOSE

AB 1323 (Weber D) Sustainable water use and demand reduction: stakeholder workgroup.

Introduced: 2/17/2017

Summary:

Would require the Department of Water Resources to convene a stakeholder workgroup with prescribed representatives invited to participate, including, among others, representatives of the department and the State Water Resources Control Board, no later than February 1, 2018. The bill would require the stakeholder workgroup to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers and to examine and report to the Governor and the Legislature by December 31, 2018, as specified.

Position: Not Yet Considered

Notes 1: AB 1323 is sponsored by the San Diego County Water Authority. RWA staff have engaged SDCWA staff regarding support/co-sponsorship of AB 968.

RECOMMENDATION: WATCH

AB 1420 (Aguilar-Curry D) Water rights: small irrigation use: lake or streambed alteration agreements.

Introduced: 2/17/2017

Summary:

Would require the State Water Resources Control Board to give priority to adopting, on or before June 30, 2021, except as provided, general conditions that permit a registrant to store water for small irrigation use during times of high streamflow in exchange for the registrant reducing diversions during periods of low streamflow, as specified. The bill would require that the actions of the board under these provisions be deemed an action taken for the protection of the environment for purposes of

specified California Environmental Quality Act guidelines, if those actions do not result in the relaxation of streamflow standards.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

AB 1490 (Gray D) State Water Resources Control Board: school drinking water.

Introduced: 2/17/2017

Summary:

Would require the State Water Resources Control Board, before adopting or approving a water quality control plan, water quality objectives, or a program of implementation, to evaluate impacts on primary drinking water standards and secondary drinking water standards for, and impacts on groundwater basins that provide drinking water to, impacted local education agencies located in whole or in part in a disadvantaged community. The bill, if the state board finds any defined significant effect in this evaluation, would prohibit the state board from adopting a statement of overriding consideration.

Position: Not Yet Considered

Notes 1: In addition to the provisions detailed above, AB 1490 would define "significant effect" as "a substantial or potentially substantial adverse change."

Asm. Gray has been outspoken in his criticism of Phase I of the SWRCB's Bay-Delta Water Quality Control Plan.

RECOMMENDATION: WATCH

AB 1605 (Caballero D) Maximum contaminant levels: nitrate: replacement water.

Introduced: 2/17/2017

Summary:

Would deem a person that causes or permits, or threatens to cause or permit, any waste to be discharged that contributes to the exceedance of the maximum contaminant level for nitrate in drinking water to not have caused pollution or a nuisance or to not be liable for negligence or trespass, as specified, if the person or entity takes certain actions relating to replacement water until the maximum contaminant level for nitrate is no longer exceeded.

Position: Not Yet Considered

Notes 1: As introduced, the application of the provisions of AB 1605 to any "person or entity that causes or permits, or threatens to cause or permit, any waste to be discharged that contributes to the exceedance of the maximum contaminant level for nitrate" may be overly broad.

RECOMMENDATION: WATCH

AB 1667 (Friedman D) Urban water suppliers: landscape water meters.

Introduced: 2/17/2017

Summary:

Would require an urban water supplier to install dedicated landscape water meters on commercial, institutional, industrial, and multifamily service connections that are located in its service area on or before January 1, 2020, if the property has greater than 1,000 square feet of irrigated landscape, and on or before January 1, 2025, if the property has greater than 500, but less than 1,001, square feet of irrigated landscape.

Position: Not Yet Considered

Notes 1: Full Legislative Counsel Digest: "Existing law, the Water Measurement Law, generally requires the installation of a water meter as a condition of new water service on and after January 1, 1992. The law, with certain exceptions, requires an urban water supplier to install water meters on all municipal and industrial service connections that are located in its service area on or before January 1, 2025. Existing law requires a water purveyor to require as a condition of new retail water service on and after January 1, 2008, the installation of separate water meters to measure the volume of water used exclusively for landscape purposes, as prescribed.

This bill would require an urban water supplier to install dedicated landscape water meters on commercial, institutional, industrial, and multifamily service connections that are located in its service area on or before January 1, 2020, if the property has greater than 1,000 square feet of irrigated landscape, and on or before January 1, 2025, if the property has greater than 500, but less than 1,001, square feet of irrigated landscape. The bill would require an urban water supplier to install

dedicated landscape water meters on single-family residential service connections that are located in its service area on or before January 1, 2030, if the property has greater than 5,000 square feet of irrigated landscape. The bill would authorize an urban water supplier to waive these requirements for a customer that, before January 1, 2018, has installed one or more separate submeters that exclusively measure all water usage for irrigated landscape and that agrees to provide water consumption data recorded by the submeter at least annually to the urban water supplier. This bill would exempt from these requirements a service connection where a separate water meter for landscape purposes is required by existing law as a condition of new retail water service."

In conversations with the author's office, staff have indicated a willingness to discuss amendments to the milestone dates included in the bill as introduced, as well as to address issues associated with economic feasibility and cost effectiveness.

RECOMMENDATION: OPPOSE

AB 1668 (Friedman D) Water conservation: guidelines.

Introduced: 2/17/2017

Summary:

Executive Order B-37-16, among other things, requires the Department of Water Resources to work with the State Water Resources Control Board to develop new water use targets as a part of a permanent framework for urban water agencies. This bill would require the state board, on or before July 1, 2018, in consultation with the department and other appropriate state agencies, to adopt water conservation guidelines that are consistent with a specified report issued in response to Executive Order B-37-16.

Position: Not Yet Considered

Notes 1: As introduced, AB 1668 would require the SWRCB, in consultation with DWR and "other appropriate state agencies," to adopt water conservation guidelines that are consistent with the framework described in "Making Water Conservation a California Way of Life."

As of March 10, 2017, the final Administration framework has not been released. The November 2016 draft framework identifies both "directives [to be] implemented within existing authorities" and "recommendation that require new and expanded authorities to implement." It is not clear whether this bill is intended to direct agencies to adopt "conservation guidelines" consistent with the framework where they are within agencies' existing authorities, or if it is intended as a blanket grant of authority to agencies implement all elements of the framework. The term "conservation guidelines" is not used in the draft framework and is not defined by this bill.

The author's office has indicated that they will be meeting with the Administration to discuss the use of AB 1668/1669 as vehicles for the Administration's framework.

RECOMMENDATION: OPPOSE

AB 1669 (Friedman D) Urban water use efficiency.

Introduced: 2/17/2017

Summary:

Would, on or before January 1, 2019, would require the State Water Resources Control Board, in consultation with the Department of Water Resources and other appropriate state agencies, to establish and adopt a process to increase urban water use efficiency through incremental urban water use efficiency targets and in that regard to establish an urban water use efficiency target to be achieved by the state by January 1, 2025. The bill would require the state board to update its urban water use efficiency target every 5 years.

Position: Not Yet Considered

Notes 1: As introduced, AB 1669 would require the SWRCB to establish an "urban water use efficiency target" to be achieved by 2025 and grant permanent authority to the SWRCB to update its urban water use efficiency target every five years thereafter.

The author's office has indicated that they will be meeting with the Administration to discuss the use of AB 1668/1669 as vehicles for the Administration's framework.

RECOMMENDATION: OPPOSE

SB 49 (De León D) California Environmental, Public Health, and Workers Defense Act of 2017.

Introduced: 12/5/2016

Last Amended: 2/22/2017

Summary:

The Porter-Cologne Water Quality Control Act regulates the discharge of pollutants into the waters of the state. The California Safe Drinking Water Act establishes standards for drinking water and regulates drinking water systems. The California Endangered Species Act requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species and generally prohibits the taking of those species. The Protect California Air Act of 2003 prohibits air quality management districts and air pollution control districts from amending or revising their new source review rules or regulations to be less stringent than those rules or regulations that existed on December 30, 2002. This bill would prohibit state or local agencies from amending or revising their rules and regulations implementing the above state laws to be less stringent than the baseline federal standards, as defined, and would require specified agencies to take prescribed actions to maintain and enforce certain requirements and standards pertaining to air, water, and protected species.

Position: Not Yet Considered

Notes 1: As amended, SB 49 would:

-Prohibit state or local agencies from amending or revising their rules and regulations implementing the above state laws to be less stringent than the baseline federal standards, defined as "the authorizations, policies, objectives, rules, requirements, and standards contained in federal laws or federal regulations implementing the federal laws in existence as of January 1, 2016, or January 1, 2017, whichever is more stringent," and would require specified agencies to take prescribed actions to maintain and enforce certain requirements and standards pertaining to air, water, and protected species.

-Authorize a person acting in the public interest to bring an action to enforce certain standards and requirements implementing the Porter-Cologne Water Quality Control Act, the California Safe Drinking Water Act, the California Endangered Species Act, and the Protect California Air Act of 2003, if specified conditions are satisfied.

-Prohibit a state agency that implements those laws from amending or revising its rules and regulations in a manner that is less stringent in its protection of workers' rights or worker safety than standards established by federal law in existence as of January 1, 2016.

-Expressly authorize a person to petition a court for a writ of mandate to compel a state or local agency to perform an act required by, or to review a state or local agency's action for compliance with, this measure.

-Require state agencies, on a semi-annual basis, to report to the Legislature on compliance with the above requirements.

This bill would create an environmental regulatory baseline defined by pre-Trump Administration federal "authorizations, policies, objectives, rules, requirements, and standards contained in federal laws or federal regulations." This bill would also create new citizen suit enforcement powers under state law.

RECOMMENDATION: WATCH

SB 146 (Wilk R) Water resources: permit to appropriate: application procedure.

Introduced: 1/17/2017

Last Amended: 2/17/2017

Summary:

Current law allows interested persons to file a written protest with regard to an application to appropriate water and requires the protestant to set forth the objections to the application. Current law declares that no hearing is necessary to issue a permit in connection with an unprotected application, or if the undisputed facts support the issuance of the permit and there is no disputed issue of material fact, unless the board elects to hold a hearing. This bill, if the State Water Resources Control Board has not rendered a final determination on an application for a permit to appropriate water within 25 years from the date the application was filed, would require the board to issue a notice and provide an opportunity for protests before rendering a final determination, with specified exceptions.

Position: Not Yet Considered

Misc1: ACWA OPPOSE

Notes 1: On February 17, 2017, SB 146 was gutted and amended to include identical language from the introduced version of SB 57 (which was later gutted and amended). From the ACWA analysis:

"The amended version of SB 146 is similar to AB 1986 (Wilk, 2016). SB 146 differs from AB 1986 in two aspects. First, rather than a 20-year window, this bill would provide a new notice and protest opportunity for an application that has been outstanding, without a final determination, for 25 years. Second, the bill would not require a new notice and protest opportunity if the applicant is a "public

RECOMMENDATION: WATCH

SB 427 (Leyva D) Public water systems: lead user service lines.

Introduced: 2/15/2017

Summary:

Would, by July 1, 2020, require a public water system to provide the timeline for replacement of known lead user service lines in use in its distribution system to the State Water Resources Control Board. The bill, by July 1, 2020, would require a public water system that has identified areas that may have lead user service lines in use in its distribution system to (a) provide to the state board its determination as to whether there are any lead user service lines in use in those areas of its distribution system and provide a timeline to the state board for replacement of those lead use service lines, and (b) provide findings as to whether there are any areas for which it cannot determine the content of the user service lines and a timeline for the replacement of those user service lines.

Position: Not Yet Considered

Notes 1: Sen. Leyva authored SB 1398 (2016), which requires a public water system to compile an inventory of known lead user service lines in use in its distribution system and identify areas that may have lead user service lines in use in its distribution system by July 1, 2018, and provide a timeline for replacement of known lead user service lines in the distribution system to the SWRCB. SB 1398 also requires, by July 1, 2020, a public water system with areas that may have lead user service lines in use in its distribution system to either determine the existence or absence of lead user service lines in these areas and provide that information to the board or provide a timeline for replacement of the user service lines whose content cannot be determined. RWA worked to secure amendments to SB 1398.

RECOMMENDATION: OPPOSE UNLESS AMENDED

SB 506 (Nielsen R) Department of Fish and Wildlife: lake or streambed alteration agreements.

Introduced: 2/16/2017

Summary:

Current law prohibits an entity from substantially diverting or obstructing the natural flow of, or substantially changing or using any material from the bed, channel, or bank of, any river, stream, or lake, or from depositing certain material where it may pass into any river, stream, or lake, without first notifying the Department of Fish and Wildlife. This bill would limit the diversions and obstructions governed by these alteration agreement requirements to the diversions and obstructions that alter the bed, channel, or bank of a river, stream, or lake. The bill would exempt routine maintenance and repair of facilities for instream agricultural diversions from the alteration agreement requirements.

Position: Not Yet Considered

Notes 1: RECOMMENDATION: WATCH

SB 564 (McGuire D) Joint powers authorities: Water Bill Savings Act.

Introduced: 2/17/2017

Summary:

Would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be established and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement.

Position: Not Yet Considered

Notes 1: According to the author's office: "SB 564 will allow residents to finance water efficiency improvements on their water bills. These improvements could include landscape irrigation systems, upgraded hot water systems, gray water systems, high efficiency toilets, and high efficiency dishwashers.

The Marks-Roos Local Bond Pooling Act authority allows Joint Powers Authorities (JPAs) to sell bonds backed by revenues from the agencies that make up the JPA. The JPA can then use these bonds to jump-start projects such as energy efficiency upgrades. SB 564 extends this authority to pay for the upfront costs of water efficiency upgrades.

Customers who choose to participate in the program hire a certified contractor to install the improvements, then pay for those improvements over time through a small "water efficiency charge" on their water bills. These charges are smaller than the estimated utility bill savings delivered by the

entity." However, this bill does not provide a definition for a "public entity," and presumably, if re-opening of the administrative procedures is "not required," the State Water Board would nonetheless retain the discretion to do just that.

When AB 1986 was introduced, the author's office referred to concerns about California's ongoing drought and significant changes to "the dynamics of water availability in the region" that should be taken into consideration. The author intended to "re-open the protest period and any other administrative processes, as if it were being undertaken for the first time." Like AB 1986, SB 146 could be troublesome for ACWA's members because it would provide another opportunity to protest an application merely based on the State Water Board's failure to promptly process the application. While the author has attempted to exempt water rights applications for public entities, it is unclear what is included in the definition of "public entity," and the State Water Board would still retain the discretion to re-open the administrative procedures.

Another concern is the potential impact the bill would have on currently pending applications where the protest period has lapsed and the application process takes 25 years or longer. Environmental groups may also try to delay applications past the 25-year mark so that opponents to the application would have another opportunity to protest. Re-opening administrative processes would further slow the process of approval, potentially delaying agency projects and using already scarce agency resources, including personnel and time, for an unnecessary procedural step. The bill would allow project opponents to stall an agency's application. The State Water Board already has the authority to subject water rights to specific stream conditions to protect public trust and other beneficial uses. This bill attempts to resolve a local problem on a local waterway that could have broader unintended implications in many watersheds throughout California.

This bill has unforeseen potential to hinder the administration of water rights statewide and [ACWA] believes that the author should seek to address the local concern through other means that would not harm the interests of ACWA's members."

RECOMMENDATION: OPPOSE

SB 252 (Dodd D) Water wells.

Introduced: 2/7/2017

Last Amended: 3/13/2017

Summary:

Current provisions of the California Constitution declare the policy that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of these waters is to be exercised with a view to the reasonable and beneficial use of the waters in the interest of the people and for the public welfare. Current law establishes various state water policies, including the policy that the use of water for domestic purposes is the highest use of water. This bill would require, in an action alleging liability for interference with a well used primarily for domestic use, reasonableness of each party's beneficial use of water to be determined through consideration of specified factors.

Position: Not Yet Considered

Misc1: ACWA OPPOSE

Notes 1: From the ACWA analysis: "SB 252 is similar to a previous well moratorium measure, SB 1317 (Wolk, 2016), which ACWA opposed. That measure would have prevented the construction of new wells in probationary groundwater basins. ACWA opposed SB 1317 in part because the measure was overbroad. Under SGMA, a medium or high priority groundwater basin can become a probationary basin for reasons unrelated to critical conditions of overdraft of the underlying aquifer, such as failure to properly form a GSA. SB 252 is narrower than SB 1317 because it would apply more specifically to critically overdrafted groundwater basins.

However, there are additional concerns regarding SB 252. First, the legislative findings are potentially inconsistent. Although the bill mentions that it is "not the role of the state to dictate groundwater management actions or prohibit pumping," the bill nonetheless declares that statewide action is required. Second, there are privacy issues concerning public disclosure of private well information. The bill would require a city or county overlying a critically overdrafted basin to make permit application information about a new well, such as its location, depth, and production capacity, publicly available and easily accessible over the Internet. Third, SB 252 would require a city or county to undertake an unspecified public notice and comment period before issuing any new well permit. The bill does not specify the criteria for a proper notice or a timeframe for a comment period."

project that they pay for, providing immediate cost savings to the customer.

Pay As You Save (PAYS) pilots established by the Bay Area Regional Energy Network (BayREN) have already demonstrated the potential for this water efficiency model, saving 20-33% of participating customers' water use. Building upon these successes, SB 564 would expand the scope of these efforts by allowing JPAs and local water agencies to: (1) pool revenues from water efficiency charges across multiple local agencies, thereby lowering interest rates; and (2) centralize administrative activities with the JPA in order to run the program as efficiently as possible."

RECOMMENDATION: WATCH

SB 580 (Pan D) Water development projects: Sacramento-San Joaquin watersheds.

Introduced: 2/17/2017

Summary:

Current law adopts and authorizes federally adopted and approved projects, including a project for flood control along the American and Sacramento Rivers. The projects are authorized at an estimated cost to the state of the sum that may be appropriated by the Legislature for state participation upon the recommendation and advice of the Department of Water Resources or the Central Valley Flood Protection Board. This bill would revise the authorization for the project for flood control along the American and Sacramento Rivers as further modified by a specified report adopted by Congress.

Position: Not Yet Considered

Notes 1: This bill would revise the authorization for the project for flood control along the American and Sacramento Rivers as adopted and authorized by Congress to include the River Watershed Common Features General Reevaluation Report adopted by Congress in Section 1401 of the Water Infrastructure Improvements for the Nation Act of 2016 (Public Law 114-322).

RECOMMENDATION: SUPPORT

SB 667 (Atkins D) Department of Water Resources: riverine and riparian stewardship improvements.

Introduced: 2/17/2017

Summary:

Current law authorizes the Director of Water Resources to establish a program of flood control and urban creek restoration, known as the Urban Streams Restoration Program, consisting of the development of the capability by the Department of Water Resources to respond to requests from local agencies and organizations for planning and design assistance for efficient and effective urban creek protection, restoration, and enhancement. This bill, upon an appropriation of funds from the Legislature, would require the department to establish a program to implement watershed-based riverine and riparian stewardship improvements by providing technical and financial assistance in support of projects with certain benefits.

Position: Not Yet Considered

Notes 1: As introduced, SB 667 would create a DWR program which, upon appropriation of funds from the Legislature, would seek to implement watershed-based riverine and riparian stewardship improvements by providing technical and financial assistance in support of projects that reduce flood risk, restore and enhance fish populations and habitat, improve water quality, achieve climate change benefits, and in general ensure resilient ecological function within areas that include, but are not limited to, urban or urbanizing areas of the state.

The program would consist of the following elements:

- (1) Support for partnerships with local agencies, nonprofit organizations, and community groups to identify multibenefit opportunities, local needs, and watershed restoration or enhancement objectives. Partnerships shall include other state agencies as appropriate and to the degree those agencies are able to participate.
- (2) Early engagement by the department in the conceptualization and design process and continued involvement through the design, construction, operation, and evaluation of a completed project.
- (3) Assistance in planning the natural resource restoration, landscaping, and infrastructure elements of a project consistent with appropriate local and regional land use and resource recovery plans.
- (4) Design assistance to ensure a project will protect or enhance natural river and stream process and function using the best bioengineering and ecological practices while considering low-impact development, energy and water conservation, and community access and use for local recreation, trails, and other purposes.
- (5) Evaluation and assessment processes to monitor success in meeting riverine stewardship goals and community needs.
- (6) Assistance; as appropriate, with project administration, including, but not limited to, communication

among partnership groups, enhancing the capacity of communities to effectively participate, and looking for and managing various funds obtained for the project.

(d) The department may provide technical assistance for the purposes of this section either directly or otherwise, including, but not limited to, by collaborating with appropriate California State University or University of California programs providing educational development and field experience for students.

RECOMMENDATION: WATCH

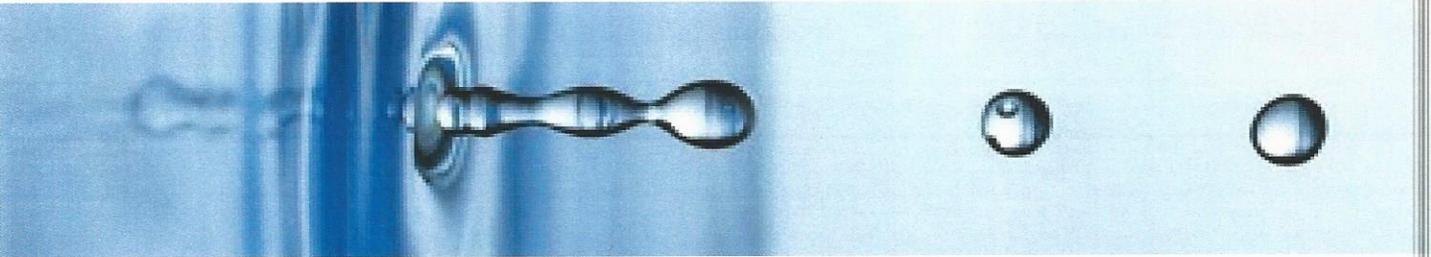
Total Measures: 21

Total Tracking Forms: 21

RWA Fiscal Years 2002-2017 Grant Awards

	Total RWA Dues through FY17	Grant Reimbursements	Pending Grant Awards	Total Grant Award
California American Water	\$578,524	\$284,609	\$177,000	\$461,609
Carmichael Water District	\$214,388	\$1,797,723	\$38,063	\$1,835,785
Citrus Heights Water District	\$367,502	\$1,905,841	\$10,000	\$1,915,841
City of Folsom	\$345,279	\$739,101	\$2,600,937	\$3,340,038
City of Lincoln	\$194,703	\$819,924	\$462,000	\$1,281,924
City of Roseville	\$578,524	\$12,786,573	\$389,732	\$13,176,305
City of Sacramento	\$578,524	\$10,330,975	\$3,057,551	\$13,388,526
City of West Sacramento	\$185,247	\$867,078	\$215,080	\$1,082,158
City of Yuba City	\$95,611	\$0	\$0	\$0
Del Paso Manor Water District	\$52,707	\$0	\$0	\$0
El Dorado Irrigation District	\$519,922	\$651,253	\$1,159,500	\$1,810,753
Elk Grove Water District	\$112,659	\$387,006	\$0	\$387,006
Fair Oaks Water District	\$253,619	\$1,569,544	\$670,438	\$2,239,982
Golden State Water Company	\$282,294	\$92,008	\$0	\$92,008
Orange Vale Water Company	\$74,170	\$430,085	\$18,320	\$448,405
Placer County Water Agency	\$578,524	\$2,310,419	\$659,557	\$2,969,975
Rancho Murrieta CSD	\$73,496	\$5,298	\$524,687	\$529,985
Rio Linda/Elverta Water District	\$74,170	\$17,708	\$565,000	\$582,708
Sacramento Area Flood Control Agency	\$18,700	\$1,753,659	\$140,818	\$1,894,478
Sacramento County Water Agency	\$313,138	\$931,543	\$696,750	\$1,628,293
Sacramento Regional County San District	\$133,200	\$2,133,714	\$1,547,519	\$3,681,233
Sacramento Suburban Water District	\$578,224	\$10,123,662	\$2,134,493	\$12,258,156
San Juan Water District	\$578,524	\$7,101,597	\$76,500	\$7,178,097
Woodland-Davis Clean Water Agency	\$31,070	\$21,705	\$0	\$21,705
California Association of RCD	\$6,812,720	\$57,061,027	\$15,143,942	\$72,204,969
City of Elk Grove		\$49,606	\$13,074	\$62,680
Ducks Unlimited		\$0	\$222,345	\$222,345
Freeport Regional Water Authority		\$117,595	\$297,446	\$415,041
Nature Conservancy		\$10,728,629	\$0	\$10,728,629
Orochumne-Hartnell		\$399,993	\$0	\$399,993
Placer County Flood Control WCD		\$0	\$986,668	\$986,668
San Juan Unified School District		\$226,574	\$514,575	\$741,149
		\$50,581	\$0	\$50,581
Grand Totals		\$11,572,978	\$2,034,108	\$13,607,086
		\$68,634,005	\$17,178,051	\$85,812,056

*includes grant awards managed on behalf of SSWD
 information compiled in February 2017 - reimbursement column includes payments through January 2017





ACWA Region 2 Board 2016-17

Chair:

Eric Larrabee, Western Canal Water District

Vice Chair:

Stan Wangberg, Anderson-Cottonwood Irrigation District

Board Members:

George Barber, Paradise Irrigation District

David Coxey, Bella Vista Water District

Sean Earley, Richvale Irrigation District

Ryan McNally, Browns Valley Irrigation District

Randy Fletcher, Yuba County Water Agency

ACWA Region 4 Board 2016-17

Chair:

Robert Roscoe, Sacramento Suburban Water District

Vice Chair:

Glen Grant, Solano Irrigation District

Board Members:

Mike Hardesty, Reclamation District No. 2068

Thomas McGurk, Stockton East Water District

John Mensinger, Modesto Irrigation District

Tim O'Halloran, Yolo County Flood Control & Water Conservation District

Pamela Tobin, San Juan Water District

ACWA REGION 2 PROGRAM

IN COLLABORATION WITH ACWA REGION 4 PRESENT:

SGMA: THE VIEW FROM ABOVE

Tuesday, June 21, 2016

9:30 a.m. to 2:00 p.m.

Sacramento Suburban Water District's Antelope Gardens
7800 Antelope North Road, Antelope, CA 95843

Preliminary Agenda

- | | |
|------------|--|
| 9:30 a.m. | Check-in & Onsite Registration |
| 10:00 a.m. | Welcome
Stan Wangberg & Robert Roscoe
ACWA Region 2 Vice Chair & 4 Chairs |
| 10:10 a.m. | ACWA Update
Timothy Quinn , Executive Director, ACWA |
| 10:30 a.m. | <i>GSA Formation</i>
Moderator: Brent Haste
Vice President, ACWA
Tim O'Halloran
General Manager, Yolo County FCWCD
John Woodling
Executive Director, Sacramento Groundwater Authority
George Barber
General Manager, Paradise Irrigation District
Ryan Teubert
Flood Control & Water Resources Manager, Tehama County |
| 11:45 a.m. | <i>Lunch Keynote Speaker</i>
Mark Cowin , Director, CA Department of Water Resources |
| 12:45 p.m. | <i>GSP Requirements and Next Steps</i>
Moderator: Robert Roscoe , Region 4 Chair
Dave Bolland
Special Projects Manager, ACWA
Trevor Joseph
Senior Engineering Geologist, CA Department of Water Resources |
| 2:00 pm | Closing remarks
Stan Wangberg , Region 2 Vice Chair |

ACWA JPIA - MONDAY, MAY 8

- 8:30 – 10:00 AM
 - ACWA JPIA Risk Management Committee
- 10:15 – 11:15 AM
 - ACWA JPIA Executive Committee
- 1:30 – 4:00 PM
 - ACWA JPIA Board of Directors
- 4:00 – 5:00 PM
 - ACWA JPIA Town Hall
- 5:00 – 6:00 PM
 - ACWA JPIA Reception

TUESDAY, MAY 9

- 8:00 AM – 6:00 PM
 - Registration
- 8:30 AM – Noon
 - ACWA JPIA Seminar
- 10:00 – 11:45 AM
 - Groundwater Committee
 - Local Government Committee
- 11:00 AM – Noon
 - Outreach Task Force
- Noon – 2:00 PM
 - ACWA 101 & Luncheon
 - Committee Lunch Break
- 1:00 – 2:45 PM
 - Energy Committee
 - Finance Committee
 - Scholarship & Awards Subcommittee
 - Water Management Committee
- 1:30 – 3:30 PM
 - ACWA JPIA Sexual Harassment Prevention for Board Members & Managers (AB 1825)
- 3:00 – 4:45 PM
 - Communications Committee
 - Federal Affairs Committee
 - Membership Committee
 - Water Quality Committee
- 5:00 – 6:30 PM
 - Welcome Reception in the Exhibit Hall

WEDNESDAY, MAY 10

- 7:30 AM – 5 PM
 - Registration
- 8:00 – 9:45 AM
 - Opening Breakfast (Ticket Required)
- 9:00 AM – Noon & 1:30 – 5:00 PM
 - Exhibit Hall
- 10:00 – 11:30 AM
 - Attorneys Program
 - Energy Committee Program
 - Exhibitor Technical Presentations
 - Finance Program
 - Region Issue Forum
 - Statewide Issue Forum
- 11:30 – 11:45 AM
 - Prize Drawing in the Exhibit Hall
- 11:45 AM – 1:45 PM
 - Luncheon (Ticket Required)
- 2:00 – 3:15 PM
 - Attorneys Program
 - Communications Committee Program Part I
 - Energy Committee Program
 - Exhibitor Technical Presentation
 - Region Program
 - Statewide Issue Forum
- 3:30 – 4:45 PM
 - Aquatic Resources Subcommittee
 - Communications Committee Program Part II
 - Exhibitor Technical Presentation
 - Finance Program
 - Statewide Issue Forum
 - Water Industry Trends program
- 4:00 – 6:00 PM
 - Legal Affairs Committee
- 5:00 – 6:00 PM
 - Exhibit Hall Hosted Reception
- 5:00 – 7:00 PM
 - CalDesal Hosted Mixer
 - CH2M Hosted Reception

THURSDAY, MAY 11

- 7:30 AM – 4 PM
 - Registration
- 8:00 AM – Noon
 - Exhibit Hall
- 8:00 – 9:15 AM
 - Networking Continental Breakfast,

Exhibit Hall (Ticket Required)

- Attorneys Program
- Exhibitor Technical Presentations
- Finance Program
- Region Issue Forum
- Town Hall
- Water Industry Trends Program
- 9:30 - 11:45 AM
 - Ethics Training (AB1234) - Limited Seating
- 11:00 – 11:30 AM
 - Prize Drawings in the Exhibit Hall
- 11:45 AM – 1:45 PM
 - Luncheon (Ticket Required)
- 2:00 – 3:15 PM
 - Attorneys Program
 - Exhibitor Technical Presentations
 - Federal Issues Forum
 - Statewide Issue Forum
 - The Nature Conservancy Technical Program
 - Water Industry Trends Programs
- 3:30 – 5 PM
 - Regions 1–10 Membership Meetings
- 6:00 – 7:00 PM
 - New Water Professionals Reception
- 7:00 – 10:00 PM
 - Dinner & Entertainment (Ticket Required)

FRIDAY, MAY 12

- 8:00 – 9:30 AM
 - Registration
- 8:30 – 10:00 AM
 - ACWA's Hans Doe Past Presidents' Breakfast in Partnership with ACWA JPIA (Ticket Required)

OTHER EVENTS

TUESDAY, MAY 9

- 7:00 AM – 4 PM
 - ACWA Spring Conference Golf Tournament

THURSDAY, MAY 11

- 6:45 – 8:30 AM
 - San Joaquin Valley Agricultural Water Committee

All conference programs are subject to change.

**Finance Committee Meeting Minutes
San Juan Water District
April 11, 2017
4:00 p.m.**

Committee Members: Ted Costa, Director (Chair)
Ken Miller, President

District Staff: Paul Helliker, General Manager
Keith Durkin, Assistant General Manager
Donna Silva, Director of Finance
Teri Grant, Board Secretary/Administrative Assistant

Topics: Review and Pay Bills (W & R)
Local Agency Investment Fund (W & R)
Selection and Retention of Independent Audit Firm
Bay Area Coating Consultants' Contract for Inspection Services for the Los Lagos
Tank Recoating Project (R)
Other Finance Matters
Public Comment

1. Review and Pay Bills (W & R)

The committee reviewed the presented bills and claims. The reviewed bills and claims were found to be in order. The committee discussed the Western Area Power Administration (WAPA) charges and would like to receive an update on the contracts under WAPA, including those with SMUD.

Staff update: the total amount of bills and claims provided for approval for March payables is \$1,207,016.00.

The Finance Committee recommends adoption of Resolution 17-08 via the Board Consent Calendar

2. Local Agency Investment Fund (W & R)

Ms. Silva informed the committee that Resolution 17-09 will provide an update to the change in title from "Finance and Accounting Manager" to "Director of Finance" ensuring the District has the ability to manage the Local Agency Investment Fund into the future. The resolution states that San Juan Water District officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and specifies the General Manager, the Assistant General Manager and the Director of Finance as authorized officers. A copy of the staff report and resolution will be attached to the meeting minutes.

Recommendation: Adopt Resolution No. 17-09 authorizing investment of monies in the Local Agency Investment Fund via the Board Consent Calendar.

3. Selection and Retention of Independent Audit Firm

Ms. Silva provided the committee with a staff report which will be attached to the meeting minutes. She explained that a Request for Proposal was issued for audit services and there

were ten firms which responded. Staff recommends Richardson & Company and would like to bring this to the April 26th Board meeting so that a representative from Richardson & Company can attend the meeting.

Recommendation: Authorize staff to engage Richardson & Company to perform the audit of Fiscal Year Ending June 30, 2017 with an option to extend for each of the four subsequent fiscal years.

4. Bay Area Coating Consultants' Contract for Inspection Services for the Los Lagos Tank Recoating Project (R)

Mr. Durkin provided the committee with a staff report which will be attached to the meeting minutes. He informed the committee that the Los Lagos Tank Recoating Project has been delayed due to the weather and other construction factors and will require additional funds to finish the inspection services. In response to Director Miller's question, Mr. Durkin informed the committee that there have been no complaints from the residents in the area due to the project. Mr. Durkin informed the committee that the transfer of the Los Lagos Tank and Site to the District was on PCWA's Board agenda on April 6th and PCWA will process the paperwork.

Recommendation: Approve a contract amendment for \$18,800 to increase the total inspection budget to \$68,400 via the Board Consent Calendar.

5. Other Finance Matters (W & R)

In response to Director Costa's question regarding assumptions for FY 2017-18, Ms. Silva explained that she will be presenting the FY 2016-17 mid-year review of the budget. In addition, she explained that she will provide a timeline for the FY 2017-18 budget and expects to discuss budget assumptions at a future Board meeting. The committee discussed the 5-year rate plan and Mr. Helliker explained that the budget and rates will be reviewed with the Board every year.

6. Public Comment

There were no public comments.

The meeting was adjourned at 4:33 p.m.

San Juan Water District

**RESOLUTION 17-08
PAYMENT OF BILLS AND CLAIMS**

WHEREAS, the Finance Committee of the Board of Directors has reviewed the bills and claims in the amount of \$1,207,016.00; and

WHEREAS, the Finance Committee of the Board of Directors has found the bills and claims to be in order.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Juan Water District as follows:

1. The bills and claims attached hereto totaling \$1,207,016.00 are hereby approved.
2. That the depository be and the same is hereby authorized to pay said bills and claims in the total sum of \$1,207,016.00 of the General Fund Account.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 12th day of April 2017, by the following vote:

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:

KENNETH MILLER
President, Board of Directors
San Juan Water District

ATTEST

TERI GRANT
Secretary, Board of Directors

April 2017 Payment Register

Paid in Advance:

<u>Check Date:</u>	<u>Vendor Name - Description:</u>	<u>Type:</u>	<u>Payment No.:</u>	<u>Amount:</u>
03/31/2017	Payroll-March			546,243.19
3/14/2017	Wageworks, Inc.- Employee Flexible Spending Accounts	EFT	404867	290.00
3/27/2017	Wageworks, Inc.- Employee Flexible Spending Accounts	EFT	404870	290.00
3/27/2017	AFLAC-Employee Voluntary Plans March	CHK	51113	970.54
3/31/2017	Association of California Water Agencies/Joint Powers Insura	EFT	404871	7,621.20
4/7/2017	Jonathan Fulton-ACWA conference	CHK	51125	224.00
4/11/2017	Wageworks, Inc.- Employee Flexible Spending Accounts	EFT		290.00
Total Paid in Advance				555,928.93

Open Payable's:

** See Attached Open Payable Report

Total Open Payables				446,259.81
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Pending Payables:

<u>Invoice No.:</u>	<u>Vendor Name - Description:</u>	<u>Invoice Amount:</u>	<u>Vendor Total:</u>
0115-11	Myers Construction-Floc Sed Basin Project	137,076.09	137,076.09
07-81-00128-01	US Department of Commerce-EDA Payoff	28,923.72	28,923.72
CALCARDMAR	US Bank - Mar CalCARD Statements	19,926.31	19,926.31
7000018889 03-31-17	SMUD-electricity	7,273.14	7,273.14
March 2017	Department of Energy- Base Resource Allocation	462.43	
March 2017	Department of Energy - Restoration	3,500.00	3,962.43
S3946859.002	Edges-Baldwin Raw Water Pipe Project	2,298.37	2,298.37
0824701340-5 03312017	PG&E - Electric and Gas Service	1,935.41	1,935.41
0132750-IN	Varinek, Trine, Day & Co LLP-Accounting Services	1,402.50	1,402.50
10345164	HACH-WTP Supplies	850.06	850.06
9781227411	Verizon - Cell Phones	683.87	683.87
1801801728	Bureau Of Reclamation- Lease fee	200.00	200.00
08664602897-04012017	MCI- Long Distance Phone charge	255.47	255.47
00003E2E70107	United Parcel Service-shipping fee	39.89	39.89
Total Pending Payables			204,827.26

REPORTED TO FINANCE COMMITTEE AS PAID AND PAYABLE			1,207,016.00
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Adjustments:

<u>Invoice No.:</u>	<u>Vendor Name - Description:</u>	<u>Invoice Amount:</u>	<u>Vendor Total:</u>
TOTAL PAID AND PAYABLE			1,207,016.00

Signature _____

Signature _____



San Juan Water District, CA

Open Payable Report

As Of 04/30/2017

Summarized by Payable Account

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
Payable Account: 999-20200 - Accounts Payable							
Vendor: 03091	Ace Hardware - Auburn Folsom Act#2051						
					Payable Count: (17)		489.02
19307	Arc Flash-Chains,Nuts/Bolts/Nails/Screws	03/02/2017	55.80	0.00	0.00	0.00	55.80
19340	Lime Feed-Pressure Gauge,Timer, Rust Remover	03/09/2017	71.55	0.00	0.00	0.00	71.55
19354	Solids Process-Tube Braid,Adapter,Elbow	03/12/2017	15.99	0.00	0.00	0.00	15.99
19369	Pipe Rack Supplies-Metal	03/15/2017	17.88	0.00	0.00	0.00	17.88
19382	Floc /Sed-Clamps	03/17/2017	13.86	0.00	0.00	0.00	13.86
19388	Old Shop-Tarps	03/20/2017	17.39	0.00	0.00	0.00	17.39
19389	Tools-Socket Adapter, Wire Brushes	03/20/2017	13.51	0.00	0.00	0.00	13.51
19394	Old Shop-Tarp for Auction Items	03/21/2017	24.18	0.00	0.00	0.00	24.18
19396	Peg Board Supls-Board,Glue,Disc Magnets,Drill Bits	03/21/2017	83.25	0.00	0.00	0.00	83.25
19403	Shop Supplies to Mount Water-Nuts,Bolts,Scws,Nails	03/22/2017	8.85	0.00	0.00	0.00	8.85
19410	Truck Supplies-5 Gallon Buckets	03/23/2017	28.97	0.00	0.00	0.00	28.97
19427	Supplies-Comp Connect & Union	03/27/2017	41.04	0.00	0.00	0.00	41.04
19429	In-Plant Pump -Hardware	03/27/2017	19.11	0.00	0.00	0.00	19.11
19441	Los Lagos Tank-Hardware	03/30/2017	18.58	0.00	0.00	0.00	18.58
019445	Los Lagos Tank-Hardware	03/31/2017	23.40	0.00	0.00	0.00	23.40
19458	W-H-Y Trap Kit & Vlv Ball 3/4" Threadedlf	04/03/2017	31.81	0.00	0.00	0.00	31.81
19466	Supplies-Bait Station Disposable	04/04/2017	3.85	0.00	0.00	0.00	3.85
Vendor: 01041	Afman, Todd R						
					Payable Count: (2)		587.09
409700	First Aid Kits	02/28/2017	300.00	0.00	0.00	21.75	321.75
409831	Smudrag Terry Cloth 25lb box	03/23/2017	247.40	0.00	0.00	17.94	265.34
Vendor: 01073	Amarjeet Singh Garcha						
					Payable Count: (1)		1,500.00
5860	Mar Landscape Maintenance	03/31/2017	1,500.00	0.00	0.00	0.00	1,500.00
Vendor: 01081	American Messaging Services, LLC						
					Payable Count: (1)		68.49
R1105372RD	Mar Pager Services	04/01/2017	68.49	0.00	0.00	0.00	68.49
Vendor: 01026	American River Ace Hardware, Inc.						
					Payable Count: (5)		421.82
128006	V#21-Tools	12/16/2016	383.54	0.00	0.00	0.00	383.54
128076	V#21-Tools	12/23/2016	6.40	0.00	0.00	0.00	6.40
128163	V#21-Return Tools	01/04/2017	-38.84	0.00	0.00	0.00	-38.84
128458	Shop-Wood Stud 2x2x8	02/09/2017	20.33	0.00	0.00	0.00	20.33
128702	Shop & V # 28 Tools -Ratchets	03/09/2017	50.39	0.00	0.00	0.00	50.39
Vendor: 02463	AnswerNet						
					Payable Count: (1)		1.25
054-65512	Mar Answering Services	03/31/2017	1.25	0.00	0.00	0.00	1.25
Vendor: 01133	Associated Sound						
					Payable Count: (1)		808.93
R170316	Sound System Rental for 03/29/17 Meeting	03/29/2017	808.93	0.00	0.00	0.00	808.93
Vendor: 03370	AT Battery Company						
					Payable Count: (3)		1,096.13
A30031001	Process Control-UPS Backup Batteries	02/17/2017	1,004.44	0.00	0.00	0.00	1,004.44
A30031001.1	Process Control-Deep Cycle AGM Battery	02/17/2017	43.98	0.00	0.00	0.00	43.98
A30033028	AA 3.6 Volt Primary Lithium Cell (LAA)	03/20/2017	47.71	0.00	0.00	0.00	47.71
Vendor: 01138	AT&T Mobility II LLC						
					Payable Count: (1)		62.01
991798660X03192017	Mar GPS Wireless Service 02/12/17 - 03/11/17	03/19/2017	62.01	0.00	0.00	0.00	62.01
Vendor: 03506	Barnes, Brian OR Wendy						
					Payable Count: (1)		411.92
REF 6040 Bayville Ct	Refund-6040 Bayville Ct	04/03/2017	411.92	0.00	0.00	0.00	411.92
Vendor: 01182	Bartkiewicz, Kronick & Shanahan						
					Payable Count: (1)		20,113.84
So17 Feb 2017	Feb Legal Services	02/28/2017	20,113.84	0.00	0.00	0.00	20,113.84

Open Payable Report

As Of 04/30/2017

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
Vendor: 01189	Bay Area Coating Consultants, Inc.						
<u>E05922</u>	Feb Los Lagos Tank coating inspection service	02/15/2017	12,185.80	0.00	0.00	0.00	12,185.80
							Payable Count: (1) 12,185.80
Vendor: 03462	Blastco Incorporated						
<u>47771</u>	Feb Los Lago Tank Recoating Project	02/28/2017	68,675.00	0.00	0.00	0.00	68,675.00
<u>47771 CM-RET</u>	Feb Capital Los Lagos Tank Recoating Prj Retention	02/28/2017	-3,433.75	0.00	0.00	0.00	-3,433.75
<u>47793</u>	Mar Los Lago Tank Recoating Project	03/31/2017	69,235.00	0.00	0.00	0.00	69,235.00
<u>47793 CM-RET</u>	Mar Capital Los Lagos Tank Recoating Prj Retention	03/31/2017	-3,461.75	0.00	0.00	0.00	-3,461.75
							Payable Count: (4) 131,014.50
Vendor: 01219	Borges & Mahoney Co						
<u>138737</u>	Chlorine Feed System - Maintenance	03/09/2017	1,308.63	0.00	0.00	90.96	1,399.59
<u>138761</u>	Chlorine System-Sensor Unit,Auto Test Unit	03/16/2017	4,263.60	0.00	111.99	309.11	4,684.70
							Payable Count: (2) 6,084.29
Vendor: 01232	Brower Mechanical, Inc.						
<u>209349</u>	Upper/Lower GBPS-Jan 2017 Maintenance Cntract Adds	01/31/2017	169.00	0.00	0.00	0.00	169.00
<u>208695</u>	Hinkle-Blower Motor Repair	02/24/2017	825.00	0.00	0.00	0.00	825.00
<u>209339</u>	Admin Bldg Unit 2-Heat/AC repair	03/01/2017	222.50	0.00	0.00	0.00	222.50
<u>209665</u>	Hinkle-Heat/AC Repair	03/08/2017	316.25	0.00	0.00	0.00	316.25
<u>209952</u>	Engineering-Rooftop Unit Repair	03/15/2017	393.18	0.00	0.00	0.00	393.18
							Payable Count: (5) 1,925.93
Vendor: 01234	Bryce Consulting, Inc.						
<u>2354</u>	Nov HR Technical Assistance Srvcs-GM Recruitment	11/30/2016	5,320.42	0.00	0.00	0.00	5,320.42
<u>2441</u>	Feb HR Tech Assistance Srvcs-WTP,DO II, Policies	02/28/2017	2,799.00	0.00	0.00	0.00	2,799.00
							Payable Count: (2) 8,119.42
Vendor: 01244	Burkett's Office Supplies						
<u>1317808-0</u>	GM Office Furniture	03/31/2017	4,099.00	0.00	0.00	297.18	4,396.18
<u>1319482-0</u>	GM Office Chair	03/31/2017	500.00	0.00	0.00	36.25	536.25
							Payable Count: (2) 4,932.43
Vendor: 01290	California Surveying & Drafting Supply Inc						
<u>76067/1</u>	Eng-Plotter/Scanner & Supplies	03/07/2017	12,698.00	0.00	0.00	746.68	13,444.68
							Payable Count: (1) 13,444.68
Vendor: 03226	Capitol Sand and Gravel Co.						
<u>148350</u>	Inventory Replenishment	03/06/2017	1,031.42	0.00	0.00	74.78	1,106.20
<u>148351</u>	Inventory Replenishment	03/06/2017	994.93	0.00	0.00	72.14	1,067.07
<u>148352</u>	Inventory Replenishment	03/06/2017	1,094.85	0.00	0.00	79.38	1,174.23
							Payable Count: (3) 3,347.50
Vendor: 03221	Chemtrade Chemicals Corporation						
<u>92041050</u>	Chemical Aluminum Blend 24.24 Tons	02/23/2017	3,810.77	0.00	0.00	276.28	4,087.05
<u>92046829</u>	Chemical Aluminum Blend 24.21 Tons	03/03/2017	3,806.05	0.00	0.00	275.94	4,081.99
<u>92058891</u>	Chemical Aluminum Blend 23.68 Tons	03/20/2017	3,722.73	0.00	0.00	269.90	3,992.63
							Payable Count: (3) 12,161.67
Vendor: 01372	City of Folsom						
<u>17_951</u>	2017 Pressure Reduction Fee-American River Canyon	03/22/2017	160.38	0.00	0.00	0.00	160.38
<u>900024205-000122418</u>	Mar Monthly Meter Service	03/30/2017	28.00	0.00	0.00	0.00	28.00
							Payable Count: (2) 188.38
Vendor: 01373	City of Roseville						
<u>AR65204</u>	April Legis Advocacy Srvcs Ferguson Gr F6-17	03/23/2017	3,205.15	0.00	0.00	0.00	3,205.15
<u>AR65116</u>	March 2017 Legis AdvocacySrvcs Ferguson Gr F16-17	03/31/2017	3,581.32	0.00	0.00	0.00	3,581.32
							Payable Count: (2) 6,786.47
Vendor: 01375	City of Sacramento						
<u>WAFWSE00153</u>	Cost Share Water Forum WFSE 2017 Qtr 3	03/20/2017	3,569.25	0.00	0.00	0.00	3,569.25
							Payable Count: (1) 3,569.25
Vendor: 01378	Clark Pest Control of Stockton						
<u>19817449</u>	Hinkle-Bait Box Service	03/29/2017	150.00	0.00	0.00	0.00	150.00
							Payable Count: (1) 150.00
Vendor: 03065	Consolidated Electrical Distributors, Inc.						
<u>0951508231</u>	Arc Flash-3P-600V-400A CB	03/21/2017	1,045.00	0.00	0.00	75.76	1,120.76
							Payable Count: (1) 1,120.76
Vendor: 01416	Corix Water Products (US) Inc.						
<u>17/13005527</u>	10 ROMAC501 Gasket 1020-1055 RED	03/20/2017	44.00	0.00	0.00	3.19	47.19
<u>17/13005660</u>	10 ROMAC501 GASKET 1089-1140 BLACK	03/21/2017	44.00	0.00	0.00	3.19	47.19
							Payable Count: (2) 94.38
Vendor: 03172	Cosens, Eric						
<u>Boot Reimb 03-2017</u>	Boot Reimbursement 03-2017	03/17/2017	219.74	0.00	0.00	0.00	219.74
							Payable Count: (1) 219.74

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Vendor: 02556 <u>Exp Reimb 03-2017</u>	Costa, Ted Expense Reimbursement-Parking Fee ACWA Enrgy Conf	03/30/2017	15.00	0.00	0.00	0.00	15.00	
							Payable Count: (1)	15.00
Vendor: 01433 <u>25143</u>	Crusader Fence Co., Inc. Baldwin Reservoir Fence-Repair due to Vandalism	03/30/2017	500.00	0.00	0.00	0.00	500.00	
							Payable Count: (1)	500.00
Vendor: 03505 <u>REF 9561 S. Canyon Co</u>	Daly, John R. Refund 9561 S. Canyon Court	03/28/2017	420.00	0.00	0.00	0.00	420.00	
							Payable Count: (1)	420.00
Vendor: 01494 <u>10835989</u>	Dewey Services Inc. Mar Pest Control Services	03/31/2017	82.00	0.00	0.00	0.00	82.00	
							Payable Count: (1)	82.00
Vendor: 03507 <u>REF 212 Winged Foot</u>	Dougan, Stephen OR Jodi Refund 312 Winged Foot	04/03/2017	242.60	0.00	0.00	0.00	242.60	
							Payable Count: (1)	242.60
Vendor: 01909 <u>Exp Reimb 03-2017</u> <u>Durkin 13 Yr Retiremer</u>	Durkin, Keith ACWA DC Conference & Lobbying Trip-Meals,Taxi,Tips Durkin 13 Yr Retirement Award	03/28/2017 04/04/2017	195.49 100.00	0.00 0.00	0.00 0.00	0.00 0.00	195.49 100.00	
							Payable Count: (2)	295.49
Vendor: 03147 <u>S3953594.001</u> <u>S3996889.001</u> <u>S3999225.001</u> <u>S4006717.001</u> <u>S4006717.005</u> <u>S4000447.001</u> <u>S3983488.001</u> <u>S4024547.001</u>	EDGES ELECTRICAL GROUP LLC Security Improvement Bacon Pump Station Hinkle Res Rewire Underdrain Pump Maint Supplies-Conduit,Coupling,Hub,Clamp,Strap Electrical Supplies Facility Projects - WTP Electrical Supplies Facility Projects - WTP Filter Basin Gallery Lighting/ Electrical Facility Bacon Intrusion Alarm Supplies-Wire Arc Flash-Filter Gallery Main BKR Replacement	02/24/2017 03/01/2017 03/01/2017 03/07/2017 03/07/2017 03/10/2017 03/14/2017 03/22/2017	1,366.74 2,715.81 1,525.65 1,099.00 1,245.00 7,241.91 370.27 3,650.00	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	99.09 196.90 110.61 79.68 90.26 525.04 26.84 301.13	1,465.83 2,912.71 1,636.26 1,178.68 1,335.26 7,766.95 397.11 3,951.13	
							Payable Count: (8)	20,643.93
Vendor: 01554 <u>0201648</u>	Electrical Equipment Co Arc Flash-Steel Enclosure Control Panel	03/31/2017	2,658.04	0.00	0.00	192.71	2,850.75	
							Payable Count: (1)	2,850.75
Vendor: 01569 <u>78244</u>	Employee Relations, Inc. Pre Employment Screening - 1 new hire	03/31/2017	139.35	0.00	0.00	0.00	139.35	
							Payable Count: (1)	139.35
Vendor: 01589 <u>10298597</u> <u>10297928</u> <u>10299198</u> <u>10305820</u> <u>10306391</u> <u>10309411</u> <u>10309723</u> <u>10309721</u> <u>10312706</u> <u>10313109</u> <u>10311193</u> <u>10312937</u> <u>10313695</u> <u>10313699</u>	Eurofins Eaton Analytical, Inc Wholesale Regulatory Compliance Sampling 12/20 Retail Regulatory Compliance Sampling 12/27 Retail Regulatory Compliance Sampling 12/27 Retail Regulatory Compliance Sampling 02/08 Wholesale Regulatory Compliance Sampling 02/08 Retail Regulatory Compliance Sampling 02/14 Retail Regulatory Compliance Sampling 02/21 Retail Regulatory Compliance Sampling 02/28 Retail Regulatory Compliance Sampling 03/07 Bi-Monthly ColiformWH Reg Compliance Sampling 03/07 Wholesale Regulatory Compliance Sampling 03/09 Retail Regulatory Compliance Sampling 03/14 Bi-Monthly ColiformWH Reg Compliance Sampling 03/21 Monthly TOC WH Reg Compliance Sampling 03/21	12/21/2016 12/27/2016 12/28/2016 02/08/2017 02/08/2017 02/14/2017 02/21/2017 02/28/2017 03/07/2017 03/07/2017 03/09/2017 03/14/2017 03/21/2017 03/22/2017	75.00 39.00 875.00 195.00 400.00 195.00 195.00 195.00 195.00 29.00 450.00 195.00 29.00 80.00	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	75.00 39.00 875.00 195.00 400.00 195.00 195.00 195.00 195.00 29.00 450.00 195.00 29.00 80.00	
							Payable Count: (14)	3,147.00
Vendor: 01604 <u>CAFLD22048</u> <u>CAFLD22094</u>	Fastenal Company Filter Basin-Filter Gallery Lights Filter Basin-Filter Gallery Lights	02/22/2017 02/27/2017	348.99 23.99	0.00 0.00	0.00 0.00	25.30 1.74	374.29 25.73	
							Payable Count: (2)	400.02
Vendor: 01600 <u>574114979</u>	Federal Express Corporation Shipping Charges-First Capital Auctions	03/17/2017	22.72	0.00	0.00	0.00	22.72	
							Payable Count: (1)	22.72
Vendor: 01611 <u>1250566</u> <u>1254814</u>	Ferguson Enterprises, Inc Process Control-LFNP8-10 RUB REL VLV REP Kit Material Replenishment - Inventory	03/08/2017 03/16/2017	275.00 936.00	0.00 0.00	0.00 0.00	19.94 67.86	294.94 1,003.86	
							Payable Count: (2)	1,298.80
Vendor: 01631 <u>423084</u>	Folsom Chevrolet / Geo Inc V#16 Conservation-Oil, Filter, and Inspections	03/17/2017	43.07	0.00	0.00	0.00	43.07	
							Payable Count: (1)	43.07

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Vendor: 01634	Folsom Lake Ford, Inc.						
					Payable Count: (4)		353.79
<u>FOTS779724</u>	V#26-Smog Pump Repair	12/08/2016	97.88	0.00	0.00	0.00	97.88
<u>FOTS790002</u>	V#26-12 Point Inspection	03/08/2017	95.00	0.00	0.00	0.00	95.00
<u>FOTS790003</u>	E#35- 12 Point Inspection	03/08/2017	65.00	0.00	0.00	0.00	65.00
<u>FOTS791461</u>	V#8 -Lube, Oil, Filter & Inspections	03/21/2017	95.91	0.00	0.00	0.00	95.91
Vendor: 01068	Glenn C. Walker						
					Payable Count: (1)		993.00
<u>17565</u>	Mar Patrol Services	03/31/2017	993.00	0.00	0.00	0.00	993.00
Vendor: 03237	GM Construction & Developers, Inc						
					Payable Count: (12)		13,742.00
<u>4288</u>	Construction Services - 9075 Oak Leaf Way	12/07/2016	1,217.00	0.00	0.00	0.00	1,217.00
<u>4289</u>	Construction Services - 7801 Santa Juanita	12/07/2016	1,419.00	0.00	0.00	0.00	1,419.00
<u>4290</u>	Construction Services - 6535 Oak Hill Dr	12/07/2016	2,755.00	0.00	0.00	0.00	2,755.00
<u>4285</u>	Construction Services - 6050 Oak Hill Drive	01/10/2017	2,504.00	0.00	0.00	0.00	2,504.00
<u>4286</u>	Construction Services - 9025 Oak Leaf Way	01/10/2017	2,547.00	0.00	0.00	0.00	2,547.00
<u>4287</u>	Construction Services - 6125 Oak Hill Dr	01/10/2017	2,610.00	0.00	0.00	0.00	2,610.00
<u>RET 4285</u>	Ret Release Construction Srvcs -6050 Oak Hill Dr	02/23/2017	132.00	0.00	0.00	0.00	132.00
<u>RET 4286</u>	Ret Release Construction Srvcs - 9025 Oak Leaf Way	02/23/2017	135.00	0.00	0.00	0.00	135.00
<u>RET 4287</u>	Ret Release Construction Srvcs- 6125 Oak Hill Dr	02/23/2017	138.00	0.00	0.00	0.00	138.00
<u>RET 4288</u>	Ret Release Construction Srvcs - 9075 Oak Leaf Way	02/23/2017	65.00	0.00	0.00	0.00	65.00
<u>RET 4289</u>	Ret Release Construction Srvcs - 7801 Santa Juanita	02/23/2017	75.00	0.00	0.00	0.00	75.00
<u>RET 4290</u>	Ret Release Construction Srvcs -6535 Oak Hill Dr	02/23/2017	145.00	0.00	0.00	0.00	145.00
Vendor: 01681	Golden State Flow Measurements, Inc.						
					Payable Count: (3)		11,082.07
<u>I-053675</u>	Register Return Restocking Fee	02/16/2017	259.25	0.00	0.00	18.80	278.05
<u>I-053822</u>	Inventory Replenishment	03/10/2017	4,340.88	0.00	0.00	314.71	4,655.59
<u>I-053921</u>	Material Replenishment -Inventory	03/23/2017	5,732.80	0.00	0.00	415.63	6,148.43
Vendor: 02567	Grant, Teri						
					Payable Count: (1)		33.17
<u>Mileage Reimb 03-2017</u>	Mileage Reimbursement 03-2017	03/29/2017	33.17	0.00	0.00	0.00	33.17
Vendor: 01706	Graymont Western US Inc.						
					Payable Count: (1)		6,063.92
<u>292456 RI</u>	High Calcium Quicklime 26.48 Tons	02/28/2017	6,063.92	0.00	0.00	0.00	6,063.92
Vendor: 01721	Hach Company						
					Payable Count: (3)		1,679.21
<u>10302737</u>	Lab Supplies WTP	02/02/2017	401.39	0.00	0.00	24.29	425.68
<u>10306874</u>	Lab Supplies WTP	02/06/2017	1,089.96	0.00	0.00	79.01	1,168.97
<u>10370068</u>	Test Kit CN-21P Chlorine High	03/17/2017	62.25	0.00	17.79	4.52	84.56
Vendor: 01733	Harris Industrial Gases						
					Payable Count: (2)		125.77
<u>01709348</u>	March Cylinder Rental	03/27/2017	20.00	0.00	0.00	1.45	21.45
<u>01709707</u>	Shop Supplies-Channel, Flat Bar Lrg Magenet Hldr	03/30/2017	96.82	0.00	0.00	7.50	104.32
Vendor: 03235	HD Supply Construction Supply LTD						
					Payable Count: (1)		115.59
<u>10006703934</u>	V#35-Rack for Water Jug&Jug	03/15/2017	107.78	0.00	0.00	7.81	115.59
Vendor: 01763	Holt of California						
					Payable Count: (1)		185.54
<u>0260601</u>	Los Lagos-Backhoe Rental	03/01/2017	173.00	0.00	0.00	12.54	185.54
Vendor: 03383	Infererra Construction Management Group, Inc.						
					Payable Count: (1)		34,787.00
<u>1713</u>	Mar Floc Sed Basin Construction Management	03/31/2017	34,787.00	0.00	0.00	0.00	34,787.00
Vendor: 01775	International Student Tours, Inc.						
					Payable Count: (1)		385.00
<u>1900866 99548877 A</u>	CAP-TO-CAP 2017-P. Tobin Balance Due	04/30/2017	385.00	0.00	0.00	0.00	385.00
Vendor: 01895	Joseph G Pollard Co, Inc						
					Payable Count: (1)		3,440.08
<u>0069072</u>	Hinkle Underdrain & Rewire	03/10/2017	3,207.54	0.00	0.00	232.54	3,440.08
Vendor: 01917	Kennedy/Jenks Consultants, Inc.						
					Payable Count: (1)		4,194.20
<u>110410</u>	Feb Floc Sed Basin - Construction Srvcs Support	02/24/2017	4,194.20	0.00	0.00	0.00	4,194.20
Vendor: 03411	Labor Ready Southwest, Inc.						
					Payable Count: (5)		4,679.12
<u>71928529</u>	Field Srvcs Temp Week Ending02/26-R. Applon	02/28/2017	813.76	0.00	0.00	0.00	813.76
<u>71958283</u>	Field Srvcs Temp Week Ending03/05-R. Applon	03/07/2017	813.76	0.00	0.00	0.00	813.76

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21984223	Field Svcs Temp Week Ending03/12-R. Applon	03/14/2017	1,017.20	0.00	0.00	0.00	1,017.20
22002496	Field Svcs Temp Week Ending03/19-R. Applon	03/21/2017	1,017.20	0.00	0.00	0.00	1,017.20
22034284	Field Svcs Temp Week Ending03/26-R. Applon	03/28/2017	1,017.20	0.00	0.00	0.00	1,017.20
Vendor: 03503	Lawrence, Richard D						Payable Count: (1) 34.08
REF 9326 Cherry Ave	Refund-9326 Cherry Avenue	03/08/2017	34.08	0.00	0.00	0.00	34.08
Vendor: 01982	Machado, George						Payable Count: (1) 92.38
Exp Reimb 03-2017	Retirement Dinner Supplies-M. Martinez	03/14/2017	92.38	0.00	0.00	0.00	92.38
Vendor: 01986	Maintenance Connection, Inc						Payable Count: (1) 11,694.78
42185	MC Annual Tech Support Renewal 04/16/17-04/15/18	03/26/2017	11,694.78	0.00	0.00	0.00	11,694.78
Vendor: 01837	Mayorga, Jason						Payable Count: (1) 204.69
Boot Reimb 03-2017	Boot Reimbursement 03-2017	03/10/2017	204.69	0.00	0.00	0.00	204.69
Vendor: 02027	Mcmaster-Carr Supply Company						Payable Count: (10) 2,233.57
15324602	Floc/Sed-Couplings, Socket with Locking Levers	02/24/2017	44.44	0.00	6.84	3.22	54.50
17862206	Lime Feed-Smart Bob Stainless Steel Washdown Plug	03/08/2017	127.12	0.00	6.19	9.22	142.53
18078583	Tools-Pick	03/10/2017	3.37	0.00	6.19	0.24	9.80
18114278	In Plant Pump Upgrade-Steel Nuts,Washers,Screws	03/10/2017	115.63	0.00	7.17	8.38	131.18
19685507	Shop-Tools	03/20/2017	160.34	0.00	13.87	11.62	185.83
19734427	Solids Process-Stainless Steel Split Lock Washers	03/20/2017	47.72	0.00	6.53	3.46	57.71
19844213	Safety Supplies-BW Hood Anthracite Filling	03/21/2017	1,317.02	0.00	7.79	95.48	1,420.29
19882320	N & S Filter Dist Troughs	03/21/2017	94.00	0.00	7.28	6.82	108.10
20360649	Lab Buildings-Brass Pipe Fittings,Bushing Adapters	03/24/2017	39.82	0.00	6.19	2.88	48.89
21339135	Light Bulbs,Wire & Steel Case	03/28/2017	63.92	0.00	6.19	4.63	74.74
Vendor: 01472	Mel Dawson, Inc.						Payable Count: (1) 3,910.85
75148	Mar Unleaded Gas and Diesel Delivery	03/08/2017	3,910.85	0.00	0.00	0.00	3,910.85
Vendor: 03300	Meyers Fozi, LLP						Payable Count: (1) 425.00
13992	Feb Employment Law Legal Services	02/28/2017	425.00	0.00	0.00	0.00	425.00
Vendor: 03510	Michels Corporation						Payable Count: (1) 868.16
Proj 175907 Refund	Hydant Refund SE Corner Mooney & Douglas	04/05/2017	868.16	0.00	0.00	0.00	868.16
Vendor: 01916	Miller, Ken						Payable Count: (1) 39.29
Mileage Reimb 03-2017	Mileage Reimbursement	03/31/2017	39.29	0.00	0.00	0.00	39.29
Vendor: 02022	Morgan, Daren P.						Payable Count: (2) 358.06
19134	Business Cards-J. Mayorga	03/06/2017	85.00	0.00	16.51	6.16	107.67
19182	# 10 Envelope-Regular	04/04/2017	217.05	0.00	17.60	15.74	250.39
Vendor: 02094	Neff Rental LLC						Payable Count: (2) 613.62
S7026210-0001	Light Tower Rental	12/30/2016	250.01	0.00	0.00	16.51	266.52
S7027127-0001	Roller Drum & Trailer Rental	03/06/2017	326.17	0.00	0.00	20.93	347.10
Vendor: 02131	Office Depot, Inc.						Payable Count: (12) 2,936.94
908635807001	Office Supplies-Field Services	02/24/2017	257.52	0.00	0.00	7.16	264.68
910873412001	Office Supplies-Treatment	03/06/2017	604.23	0.00	0.00	32.17	636.40
911496494001	Office Supplies-Exec,Eng,& Field Svcs	03/08/2017	299.17	0.00	0.00	21.68	320.85
911516053001	Office Supplies-Field Services & Admin	03/08/2017	46.48	0.00	0.00	3.36	49.84
912014223001	Office Supplies-Admin	03/09/2017	139.10	0.00	0.00	10.08	149.18
913467477001	Office Supplies-Finance, Admin & Field Svcs	03/15/2017	105.36	0.00	0.00	7.63	112.99
914010860001	Office Supplies-Admin, Eng, & Field Services	03/17/2017	259.00	0.00	0.00	11.86	270.86
915055024001	Office Supplies-Admin & Field Servcies	03/22/2017	364.19	0.00	0.00	26.40	390.59
906878471002	Office Supplies-WTP	03/27/2017	9.99	0.00	0.00	0.00	9.99
916454203001	Office Supplies-Easel	03/27/2017	102.12	0.00	0.00	7.40	109.52
916885145001	Office Supplies-WTP	03/29/2017	483.39	0.00	0.00	27.53	510.92
916893783001	Office Supplies-WTP	03/29/2017	103.60	0.00	0.00	7.52	111.12
Vendor: 02150	Pace Supply Corp						Payable Count: (8) 10,842.86
063719079	Bronson Valve Project	03/10/2017	4,976.00	0.00	0.00	360.76	5,336.76

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<u>063763217</u>	Inventory Replenishment	03/13/2017	4,406.16	0.00	0.00	319.45	4,725.61
<u>063768963</u>	Bronson Valve Project	03/15/2017	425.00	0.00	0.00	30.81	455.81
<u>063763217-1</u>	Inventory Replenishment	03/16/2017	96.14	0.00	0.00	6.97	103.11
<u>063763217-2</u>	Inventory Replenishment	03/17/2017	24.00	0.00	0.00	1.74	25.74
<u>CM06378226</u>	Bronson Valve Project	03/22/2017	-183.00	0.00	0.00	-13.27	-196.27
<u>063786860</u>	AQP 55 Lb Buckets	03/24/2017	105.00	0.00	0.00	7.61	112.61
<u>063786872</u>	Inventory Replenishment	03/24/2017	260.60	0.00	0.00	18.89	279.49
Vendor: <u>02163</u>	Pape' Machinery, Inc.					Payable Count: (3)	626.04
<u>1151119</u>	E#9-T/S & Repair	03/30/2017	171.90	0.00	0.00	0.78	172.68
<u>1151120</u>	E#62-Starter/Solenoid Service & Repair	03/30/2017	279.90	0.00	0.00	0.78	280.68
<u>1151121</u>	E#86-T/S & Repair	03/30/2017	171.90	0.00	0.00	0.78	172.68
Vendor: <u>03303</u>	Paulson, Rachael					Payable Count: (1)	17.76
<u>Exp Reimb 03-2017</u>	Expense Reimbursement 03/2017	03/16/2017	17.76	0.00	0.00	0.00	17.76
Vendor: <u>03026</u>	PFM Asset Management					Payable Count: (1)	828.72
<u>75016</u>	Feb Fiscal Agent Fee	02/28/2017	828.72	0.00	0.00	0.00	828.72
Vendor: <u>02146</u>	PG&E					Payable Count: (1)	10.00
<u>0007629307-5</u>	Apr Electric Cost of Ownership	04/03/2017	10.00	0.00	0.00	0.00	10.00
Vendor: <u>02208</u>	Placer County Environmental Health					Payable Count: (1)	12,666.00
<u>IN0105539</u>	2017 Annual CUPA Service Charges	03/16/2017	12,666.00	0.00	0.00	0.00	12,666.00
Vendor: <u>02207</u>	Placer County Facility Services					Payable Count: (3)	2,737.07
<u>Permit 3072 FY 2016/1</u>	FY 2016/17 Admin Bldg Sewer Permit 3072	03/15/2017	1,385.86	0.00	0.00	0.00	1,385.86
<u>Permit 3199 FY 2016/1</u>	FY 2016/17 Maintenance Bldg Sewer Permit No 3199	03/15/2017	1,154.88	0.00	0.00	0.00	1,154.88
<u>Permit 8324 FY 2016-1</u>	FY 2016-17 Operations Bldg Sewer Permit No 8324	03/15/2017	196.33	0.00	0.00	0.00	196.33
Vendor: <u>02281</u>	Ray A Morgan Company Inc					Payable Count: (2)	227.26
<u>1506156</u>	Canon/IR C5540-Cntrct Base Chrg 03/21/17-6/20/17	02/15/2017	55.35	0.00	0.00	1.33	56.68
<u>1539531</u>	Canon copier maintenance/service 12/21/16-03/20/17	03/17/2017	166.57	0.00	0.00	4.01	170.58
Vendor: <u>02283</u>	Recology Auburn Placer					Payable Count: (1)	640.70
<u>54460795</u>	Mar Garbage Disposal Services	03/31/2017	640.70	0.00	0.00	0.00	640.70
Vendor: <u>02223</u>	Rexel Inc (Platt - Rancho Cordova)					Payable Count: (17)	9,385.42
<u>1263041</u>	ILS AU-350 AL MEC (@)350-6 9/029132	01/25/2017	114.37	0.00	0.00	9.44	123.81
<u>1424334</u>	Sierra BPS Soft Start	02/20/2017	1,728.88	0.00	0.00	125.34	1,854.22
<u>1010688</u>	Bacon Intrusion Alarm- Magnetic Switch Gray	02/23/2017	228.00	0.00	0.00	16.53	244.53
<u>1488523</u>	Sierra BPS Soft Start	02/24/2017	131.40	0.00	0.00	9.53	140.93
<u>1508137</u>	Sierra BPS Soft Start	02/28/2017	518.40	0.00	0.00	37.58	555.98
<u>1494911</u>	In Plant-Lug Kit	03/01/2017	172.86	0.00	0.00	14.26	187.12
<u>1495845</u>	In Plant-Control XFMF,Operator,Splicer, Grnd Bar	03/01/2017	264.52	0.00	0.00	21.82	286.34
<u>1511542</u>	In Plant-Maintenance Supplies	03/01/2017	637.74	0.00	0.00	52.61	690.35
<u>1518343</u>	C-H 10250T53 1NO Contact Black	03/01/2017	75.60	0.00	0.00	6.24	81.84
<u>1611577</u>	In Plant-Control XFMR,Splicer Block,Contact (Blk)	03/01/2017	537.36	0.00	0.00	44.33	581.69
<u>1516842</u>	Chlorine System-Unit Heater	03/09/2017	570.53	0.00	45.25	41.36	657.14
<u>1631056</u>	Sierra BPS Soft Start	03/16/2017	2,950.37	0.00	0.00	213.90	3,164.27
<u>1623555</u>	In Plant-Insul Al Mech & On/Off Legend Plate	03/17/2017	9.12	0.00	0.00	0.75	9.87
<u>1636099</u>	In Plant-Temp Power Supplies	03/17/2017	241.36	0.00	0.00	19.91	261.27
<u>1650859</u>	Floc/Sed-Duct,Couplings, & Mount Relay	03/20/2017	293.70	0.00	0.00	24.23	317.93
<u>1656487</u>	Floc/Sed-Concrete Box,PVC- In Bell End	03/20/2017	66.47	0.00	0.00	4.82	71.29
<u>1604599</u>	BuildingsSLS-Fed MSL3-024 Microstat 3Hgh Lght Twr	03/23/2017	133.33	0.00	13.84	9.67	156.84
Vendor: <u>02293</u>	RFI Enterprises, Inc					Payable Count: (1)	48.40
<u>556144</u>	Apr Burg Monitoring	04/01/2017	48.40	0.00	0.00	0.00	48.40
Vendor: <u>02302</u>	Riebes Auto Parts, LLC					Payable Count: (1)	36.61
<u>179761</u>	V#19-Wiper Blades	03/21/2017	33.99	0.00	0.00	2.62	36.61
Vendor: <u>02328</u>	Rocklin Windustrial Co					Payable Count: (5)	2,669.89
<u>20530700</u>	Floc/Sed-PVC Fittings	02/27/2017	18.04	0.00	0.00	1.31	19.35

Open Payable Report

As Of 04/30/2017

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
<u>205608 00</u>	In Plant-Slotted Struts	03/10/2017	1,538.00	0.00	0.00	111.51	1,649.51
<u>205747 00</u>	Hinkle Underdrain	03/16/2017	696.00	0.00	0.00	50.46	746.46
<u>205726 00</u>	Floc/Sed-Hex Bushings, 1 1/2 FCAM X MPT	03/21/2017	193.65	0.00	0.00	14.04	207.69
<u>205903 00</u>	N & S Filters-Ball Valve & SS Nipple	03/22/2017	43.71	0.00	0.00	3.17	46.88
Vendor: 03509	Russell Construction					Payable Count: (1)	1,231.57
<u>Proj 175904 Refund</u>	Hydrant Refund 8116 Woodland Grove Pl	04/04/2017	1,231.57	0.00	0.00	0.00	1,231.57
Vendor: 02365	Sacramento Tree Foundation					Payable Count: (1)	500.00
<u>2017 Donation</u>	2017 Donation-Tree Sustainability Program	03/27/2017	500.00	0.00	0.00	0.00	500.00
Vendor: 02406	Savage Enterprises					Payable Count: (1)	135.00
<u>3537</u>	TTI Behavior Report & Group Wheels	03/09/2017	135.00	0.00	0.00	0.00	135.00
Vendor: 02446	Sierra Chemical Co					Payable Count: (1)	3,664.57
<u>SLS 10044527</u>	6-Chlorine 2000LB Ton Tank & Mill Assessment Fee	03/10/2017	3,664.57	0.00	0.00	0.00	3,664.57
Vendor: 03267	Silva, Donna					Payable Count: (1)	113.08
<u>Exp Reimb 03-2017</u>	Expense Reimbursement 03-2017-Mileage & Gratuity	03/23/2017	113.08	0.00	0.00	0.00	113.08
Vendor: 03220	Solenis LLP					Payable Count: (1)	3,521.23
<u>131138218</u>	Nonionic Polymer Chemical 3,600 LBS	03/16/2017	3,283.20	0.00	0.00	238.03	3,521.23
Vendor: 03309	Sorum, Mark					Payable Count: (3)	4,500.00
<u>9914</u>	Admin Office-Cut & Remove Down Trees Near Fence	01/30/2017	400.00	0.00	0.00	0.00	400.00
<u>9964</u>	Solar & Yard-Cut and Haul Oak	03/08/2017	3,500.00	0.00	0.00	0.00	3,500.00
<u>9950</u>	Baldwin-Cut/Haul Oak & Debris	03/21/2017	600.00	0.00	0.00	0.00	600.00
Vendor: 02508	State Board of Equalization					Payable Count: (1)	2,372.00
<u>102136279 2016</u>	2016 Use Tax 01/01/2016-12/31/2016	03/17/2017	2,372.00	0.00	0.00	0.00	2,372.00
Vendor: 01411	SureWest Telephone					Payable Count: (1)	1,589.47
<u>916-791-0135/0 03/25</u>	Phone Services 03/25/17 - 04/24/17	03/25/2017	1,589.47	0.00	0.00	0.00	1,589.47
Vendor: 02540	Sutter Medical Foundation					Payable Count: (2)	185.00
<u>27001930 02-27-17</u>	Feb DOT Exam- 02/22 J. Mayorga	02/27/2017	110.00	0.00	0.00	0.00	110.00
<u>27001930 03/27/2017</u>	Mar Spiro & Respiratory -E. Cosens	03/27/2017	75.00	0.00	0.00	0.00	75.00
Vendor: 02564	Telstar Instruments					Payable Count: (1)	6,676.00
<u>89268</u>	Chlorine System-2016 Annual Gas Feed Maintenance	10/27/2016	6,676.00	0.00	0.00	0.00	6,676.00
Vendor: 03508	Tessler, John					Payable Count: (1)	118.32
<u>REF 8342 Hillgrove St</u>	Refund -8342 Hillgrove St	04/03/2017	118.32	0.00	0.00	0.00	118.32
Vendor: 02592	The Reed Group, Inc.					Payable Count: (1)	4,737.69
<u>1674</u>	March Retail Financial Plan Rate Study	03/31/2017	4,737.69	0.00	0.00	0.00	4,737.69
Vendor: 02162	Tobin, Pamela					Payable Count: (1)	138.77
<u>Mileage & Parking 03-2</u>	Mileage & Parking Reimbursement 03-2017	03/31/2017	138.77	0.00	0.00	0.00	138.77
Vendor: 02638	Tyler Technologies, Inc.					Payable Count: (1)	590.94
<u>025 184205</u>	Incode-Finance Positive Pay Maint 05/1/17-04/30/18	04/01/2017	590.94	0.00	0.00	0.00	590.94
Vendor: 02651	United Parcel Service Inc					Payable Count: (3)	194.39
<u>00003FE2E70057</u>	Weekly Service Charges 01/30-02/03/17	02/04/2017	35.27	0.00	0.00	0.00	35.27
<u>00003FE70097</u>	Weekly Service Charge&Shipping 02/27-03/03/17	03/04/2017	125.60	0.00	0.00	0.00	125.60
<u>00003E170117</u>	Weekly Service Charge&Shipping-03/13-03/17/17	03/18/2017	33.52	0.00	0.00	0.00	33.52
Vendor: 02700	Viking Shred LLC					Payable Count: (2)	100.00
<u>5085265</u>	Mar Shredding Services	03/09/2017	50.00	0.00	0.00	0.00	50.00
<u>5085950</u>	Apr Shredding Services	04/06/2017	50.00	0.00	0.00	0.00	50.00
Vendor: 01687	W. W. Grainger, Inc.					Payable Count: (3)	253.77
<u>9390181387</u>	Lamp Holder	03/17/2017	6.84	0.00	0.00	0.50	7.34
<u>9391875771</u>	Bacon Pump Station-Tap Bolt	03/21/2017	62.92	0.00	0.00	4.57	67.49
<u>9394863154</u>	Bacon -Tools	03/23/2017	166.85	0.00	0.00	12.09	178.94

Open Payable Report

As Of 04/30/2017

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
Vendor: 03387	WageWorks, Inc						
						Payable Count: (2)	290.00
<u>04-07-17 DEP</u>	Dependent Care	04/11/2017	115.00	0.00	0.00	0.00	115.00
<u>04-07-17 URM</u>	Unreimbursed Medical Deduction	04/11/2017	175.00	0.00	0.00	0.00	175.00
Vendor: 02730	Western Area Power Admin						
						Payable Count: (1)	8,151.00
<u>EO&M000840417</u>	Mar CVP O&M Program Funding FY2018 - 6th Billing	03/17/2017	8,151.00	0.00	0.00	0.00	8,151.00
Vendor: 03445	Zlotnick, Greg						
						Payable Count: (2)	182.97
<u>Exp Reimb 03/2017 #2</u>	Mileage 03/21-3/27/17	03/31/2017	44.94	0.00	0.00	0.00	44.94
<u>Exp Reimb 03-2017 #1</u>	Mileage 03/01-03/20/17	03/31/2017	138.03	0.00	0.00	0.00	138.03
			Payable Account 999-20200		Payable Count: (252)	Total:	446,259.81

Payable Account Summary

Account	Count	Amount
999-20200 - Accounts Payable	252	446,259.81
Report Total:	252	446,259.81

Payable Fund Summary

Fund	Count	Amount
999 - INTERCOMPANY	252	446,259.81
Report Total:	252	446,259.81

STAFF REPORT

To: Board of Directors

From: Donna Silva
Director of Finance

Date: April 12, 2017

Subject: Update to authorized signors for the Investments in the Local Agency Investment Fund

RECOMMENDED ACTION

Adopt Resolution No. 17-09 authorizing investment of monies in the Local Agency Investment Fund.

BACKGROUND

On April 28, 2004, the Board of Directors adopted Resolution 04-14 Authorizing Investment of Monies in the Local Agency Investment Fund. The Resolution authorized General Manager Shauna Lorange, Assistant General Manager Keith B. Durkin and Finance and Accounting Manager Mary A. Morris, **or their successors in office**, to order the deposit or withdrawal of monies in the Local Agency Investment Fund. Adding or deleting authorized signers requires the signature of two individuals holding those specific titles. In 2015, the Board of Directors changed the Finance and Accounting Manager title to "Director of Finance". The Assistant General Manager position will soon be vacated by Keith Durkin, leaving the District without the two required positions to make changes to the account.

Adoption of Resolution 17-09 changes the title from "Finance and Accounting Manager" to "Director of Finance" ensuring the District has the ability to manage this account into the future.

San Juan Water District

**RESOLUTION 17-09
AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND**

San Juan Water District
P.O. Box 2157
9935 Auburn Folsom Road
Granite Bay, CA 95746
916-791-0115

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interest of the San Juan Water District; and

WHEREAS, the Board of Directors previously adopted resolution 04-14 authorizing the deposit and withdrawal of San Juan Water District monies in the Local Agency Investment Fund, and naming the General Manager, Assistant General Manager and Finance and Accounting Manager as authorized signatories; and

WHEREAS, the Board of Directors has updated to the title of the Finance and Accounting Manager to "Director of Finance" and desires to include the Director of Finance as an authorized signatory on the account.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the deposit and withdrawal of San Juan Water District monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following San Juan Water District officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

Paul Helliker
General Manager

Keith Durkin
Assistant General Manager

Donna Silva
Director of Finance

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District, Placer County, State of California, on the April 12, 2017, by the following vote:

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:

ATTEST

TERI GRANT
Secretary, Board of Directors

KENNETH MILLER
President, Board of Directors
San Juan Water District

STAFF REPORT

To: Finance Committee
From: Donna Silva
Director of Finance
Date: April 11, 2017
Subject: Selection and Retention of Independent Audit Firm

RECOMMENDED ACTION

Recommend approval of a motion to authorize staff to engage Richardson & Company to perform the audit of Fiscal Year Ending June 30, 2017, with an option to extend for each of the four subsequent fiscal years.

BACKGROUND

In November 2014 the Board of Directors approved the retention of Lance, Soll & Lunghard, LLP (LSL) to perform audit services for the San Juan Water District for the Fiscal Year Ending June 30, 2014. The resulting contract allowed for extensions through the Fiscal Year Ending June 30, 2018.

Due the need for significant prior period adjustments in both years of the engagement, staff recommends engaging a different independent audit firm.

Staff prepared a Request for Proposals and received 10 responses. The proposals received have been evaluated on the following criteria:

Firm Expertise, References, Staff Experience and Consistency	25 pts
Proposed Timeframe	25 pts
Cost	20 pts
Quality of Response	15 pts
Specific Audit Approach in Relation to District Requirements	10 pts
Location of Firm and Staff	5 pts

Based upon responses to the criteria above, staff recommends the retention of Richardson & Company. Richardson & Company received a perfect score of 100 points. The next closest proposal was Maze & Associates, also an excellent firm. Maze & Associates received a total score of 87, primarily due to their high cost. The detailed scoring matrix of all respondents is attached.

Richardson & Company is a well-known and respected regional Certified Public Accounting firm that has a breadth and depth of knowledge of the water industry. Their client list includes several of our wholesale customer agencies and the Central Valley Project Water Association. Richardson & Company satisfactorily performed the District's annual audits from Fiscal Year Ending June 30, 1999 through June 30, 2006. Best practices recommend auditor rotation no sooner than every five years. As such, after

seven years with Richardson & Company the District decided to retain a new audit firm in order to have a “fresh set of eyes”.

FINANCIAL CONSIDERATIONS

The annual audit cost for Fiscal Year 2015-2016 was \$38,980. Richardson & Company’s proposed cost is significantly lower than our current fees. Richardson & Company proposed the following fees for the five year period:

FYE June 30, 2017	\$27,900
FYE June 30, 2018	\$28,600
FYE June 30, 2019	\$29,300
FYE June 30, 2020	\$30,200
FYE June 30, 2021	\$31,100

Should the District expend federal grant monies in excess of \$750,000 Richardson & Company will perform the required “Single Audit” for a fee not to exceed \$3,900 for the first major program and \$2,400 for any additional program.

Attachments SJWD Request for Proposal
Richardson & Company LLP Proposal to Perform Independent
Auditing Services
2017 Audit Proposal Rating Matrix

**San Juan Water District
2017 Audit Proposal Ratings**

	Richardson & Company	Maze & Associates	James Marta & Company	Badawi & Associates	Mann, Urrutia, Nelson CPA's & Associates	Harshwal & Company	R.J. Ricciardi, Inc.	CliftonLarsenAllen	The PUN Group	SJWD Notes
Firm Expertise, References and Staff Experience and Consistency (max points 25)	25	23	13	12	3	10	15	5	11	Team consistency important
Proposed Timeframe (max points 25)	25	25	25	25	25	15	10	0	5	Issue by mid November
Cost (max points 20)	20	10	16	12	17	13	5	18	13	Current firm \$38,980
Quality of Response (max points 15)	15	15	15	15	15	15	15	15	15	
Specific Audit Approach in Relation to District Requirements (max points 10)	10	10	7	8	7	9	3	6	7	
Location of Firm & Staff (max points 5)	5	4	5	4	5	4	4	5	0	Local preferred
TOTAL POINTS	100	87	81	76	72	66	52	49	51	TOTAL POINTS

STAFF REPORT

To: Board of Directors
From: Rob Watson, Engineering Services Manager
Date: April 11, 2017
Subject: Los Lagos Tank Recoating Project (Contract 16-53)
Recommendation to Increase Contract Amount for Inspection Services

RECOMMENDED ACTION

Staff recommends a motion to increase the existing \$49,600 budget for construction inspection services being provided by Bay Area Coating Consultants, Inc. for the Los Lagos Tank Recoating Project by the amount of \$18,800 for an authorized total not to exceed amount of \$68,400.

BACKGROUND

The Los Lagos Tank is currently being recoated on both the exterior and interior surfaces after 31-years in service with the existing coating. The District hired Bay Area Coating Consultants, Inc., to provide specialty construction inspection services during the coating project.

The construction schedule has been extended due to unanticipated equipment failures, weather impacts, a District-requested change order to add a corrosion protection system, and other project-related circumstances. Therefore additional inspection support is necessary to complete the coating project.

Staff recommends that the 500-hours of inspection time under the current contract executed with Bay Area Consulting Services be increased by 190-hours to cover the additional time required to provide the remaining inspection services.

FINANCIAL CONSIDERATIONS

The Contract with Bay Area Coating Consultants, Inc. is a Time and Materials agreement with a not to exceed cap.

The Project was planned, and budgeted for in Fiscal Year 2016-2017. This project is a part of the District's approved Retail CIP. Because there were some construction phase cost savings, there is sufficient remaining budget in the project to cover the increase in cost for these inspection services.